● SUNDAY TIMES
business news

Court threat as US freeze hits Canada

BY HARLOW UNGER, Ottawa, Saturday

THE Canadian Government is threatening to prosecute US-owned companies using President Nixon's 90-day wage freeze as an excuse for not paying wage increases in Canada.

There was uproar in the Canadian parliament last night when it was learned that Douglas Aircraft and Chrysler were refusing wage increases at Canadian factories.

Acting Prime Minister Mitchell Sharp said angrily that "every man in this country knows that the Canadian parliament makes the laws in this country and these laws are to be observed. The American wage freeze is not Canadian policy. We expect Canadian companies to obey Canadian laws, not American."

The Ministry of Industry, Trade and Commerce later stated that "Government attorneys are looking into the possibility of going to court to force foreign subsidiaries to obey Canadian laws and observe their contract obligations in this country."

After furious union officials had walked out of wage negotiations Douglas Aircraft said that it had refused to offer wage increases to its 5,600 Canadian employees because it was not permitted to do so under the Nixon freeze. Contracts between Douglas and members of the United Auto Workers' Union in both Canada and the US expire on September 15.

Chrysler Canada has refused to give 1,400 supervisory and administrative employees a 5 per cent salary increase that it had previously promised for September 6, citing the Nixon freeze as the reason. It has also indicated that it will not fulfill its contractual obligation to pay 11,000 assembly line workers a raise of three cents an hour on September 20.

MPs in Ottawa last night were speaking even in terms of outright seizure of US companies which behave in this way. Meanwhile, both Ford and General Motors refused to comment on the situation in their own Canadian plants.

Chrysler UK commented yesterday that its own wage agreements had all been completed some weeks ago and, therefore, the question of whether to apply the Nixon freeze did not arise in its British factories.

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Six call Heath to $ summit

BY JOHN LAMBERT, Brussels

A COMMON MARKET summit conference on the monetary crisis, to be attended by Mr Heath with heads of government of the Six and other candidates has been called for by European Commission president Franco Malfatti. The proposal is made in a letter received yesterday by the Six's premiers.

Coming on the eve of Monday's meeting of the Six finance ministers in Brussels, it confirms that a settlement to the crisis caused by President Nixon's moves is seen in EEC circles as a long term, essentially a political decision, and as one on which Britain must be brought in fully as a future member.

The summit idea was launched in the summer by President Pompidou. Malfatti has taken the initiative after long talks with Italian Finance Minister Ferrari Aggradi, who had just finished a round of consultations with the other governments.

On Monday, the Six will not attempt to patch over their disagreements of last month or reach an agreed solution on relations between their own currencies. It has now been accepted that differing economic situations and views of the dollar crisis, above all between France and Germany, rule this out.

At most they hope to agree on some rather general principles about how to react to the American moves.

They are resigned to letting things run for several months at least, and will devote some of their time to improving the system of co-ordinated intervention already being practised by their central banks.

In this sense, the French view of the crisis has won out. They have argued all along that the Six could not agree a new Common Market set-up (with the narrowing of margins between their currencies as provided for in their monetary union plans) until there was a solution to the world problem.

But as Malfatti emphasises in his letter to President Pompidou and the five premiers, the pressures to agree will remain urgent and will become more so. The common agricultural market is split into four, and the complex interim system using border taxes will come under strong pressure in the post-harvest trading period.

Common farm prices for next year cannot be set. Fears are also beginning to emerge for the industrial customs union. Lastly, there are already signs of growing pressure from industry in the Six to force the Americans to drop the 10% surtax and other discriminatory measures. This is not possible without a monetary settlement, which in turn requires top-level political choices by the Europeans.

Michael Ware

WALLACE BARNES flexes his muscles in rural Worcestershire, presumably in preparation for selling in the United States the Anglepoise lamps, hose clips and other springy oddments made by Herbert Terry from Redditch. This weekend Barnes's family company, the Connecticut-based Associated Spring, has announced a complicated deal to take over all Terry's manufacturing activities, leaving it as an investment company with a rather higgledy-piggledy portfolio.

Barnes is an unusual sort of American challenger these days. He comes from a correct New England-Yale law school background, but is by no means sure that being a full-blooded White Anglo-Saxon Protestant is any use these days.

A touch of spring

He claims that he is "becoming a member of a very significant minority group—all this civil rights legislation may work to my advantage." Typically, he is a liberal Republican—who failed to be elected governor of Connecticut last year, deplores the Nixon import surcharge, and sympathises with that other WASP politician, John Lindsay, the Mayor of New York who went Democratic the other week.

Barnes's company is also more deeprooted than many American invaders. Founded to make springs for guns in the American civil war, it has grown to be, it claims, the biggest spring makers in the world. And in the last ten years, since Wallace and his cousin Carlyle Barnes took over from older members of the family it has become more interesting and diversified.

Typewriters and computers are full of Barnesprings (Barnes even claims that there are a hundred of them in an average room, concealed in light switches and other hiding places). Indeed part of the rationale of the move into Terry's is to follow Associated's customers abroad. Barnes also hopes to extend to Europe, Associated's highly-developed distribution system for motor parts—which involves helping garages by doing their stock control for them, a service which includes removing obsolete parts free of charge.

Political bid to fire VW boss

BY NICHOLAS FAITH

A MAJOR political row is now certain in Germany over the fate of Dr Kurt Lotz, managing director of Volkswagen, the country's biggest business and the largest motor manufacturer in Europe. Following a build up all this year of politically-inspired pressure from trade union and Social Democrat representatives on the supervisory board of VW, he now seems unlikely to have his contract renewed. This weekend he was still uncertain whether he should resign or wait to be dismissed.

Formally the question of renewing Lotz's four-year contract, due to expire in May next year, will come up at a meeting of VW's supervisory board in a fortnight's time. But a number of steps in the past few months have left no doubt in the German business world that the contract will not be renewed because he has proved too independent a figure. And already support for Lotz has been rallying on the assumption that he was in severe danger. Businessmen are afraid that socialist influence will extend from VW to other German businesses. Major suppliers, including steel companies, have been telephoning VW's headquarters at Wolfsburg to offer their backing. And VW's foreign distributors, including the Americans who sell a third of the output, have sent cables to leading politicians of both parties defending Lotz's record.

Industrially, Lotz has been under attack because VW has not found a replacement for the basically 30-year-old Beetle which is still the firm's mainstay. Politically he was vulnerable because the Federal government and the provincial government of Lower Saxony both own one-fifth of VW's shares and because seven of the 21-man supervisory board are appointed by the VW workers. Both the Federal and provincial governments are now Social Democratic, and the four directors they appoint, combined with the workers' appointees, give the party a majority.

In addition three other directors with trade union or SPD backgrounds were forced on to the supervisory board at July's annual general meeting over the heads of the small shareholders in the company. Immediately afterwards Dr Peter Frerk, a former SPD official from nearby Hanover without previous labour experience, was appointed personnel director over considerable protests from VW's labour department and thus became a member of VW's nine man executive committee.

In addition German businessmen fear that the VW chairman, Dr Rust, and the finance director, are both prepared to co-operate in a move to oust Dr Lotz, recognising that the majority on the supervisory board is probably unshakeable. Lotz's successor as managing director is expected to be Rudolf Leiding, a tough ex-mechanic who was recently appointed by Lotz to the troubled Audi-NSU subsidiary.

Nixon asked to free US trade

BY MALCOLM CRAWFORD

MAJOR changes in US trading policy, that envisage a long-term move to complete free trade but only on the basis of swapping concessions with other countries that are willing to do so, are urged in a top-level report to President Nixon due to be published tomorrow.

Such a programme would mean reversing the wave of protectionism currently sweeping through American business circles. But it would also mean ending the traditional US policy of negotiating concessions with all its trading partners at once.

Instead of occasional major agreements such as the Dillon or Kennedy rounds of tariff cuts, always difficult to bring off because so many different international interests have to be appeased at once, the new policy suggests separate bargaining with individual countries or trading groups.

An opening up of Government purchasing restrictions as well as tariff cuts would be offered to Europe and Japan in return for equivalent concessions to US industry. But the present rule, that concessions offered to one country must be open to all, would be dropped.

To moderate protectionist fears it is urged that the move to free trade be planned over a 25-year period, but this could then be reduced by mutual agreement.

Nixon commissioned this report on US international trade and investment policy, known as the Williams Report; it has about the same status as a Royal Commission report here. It also recommended an import surcharge and export rebate (as revealed in The Sunday Times four weeks ago) if efforts at achieving an international currency realignment failed. It calls for a international conference at Ministerial level to bring this about, before imposing a surcharge.

The Williams report also urges that the Administration should make it a firm condition of any future trade negotiation to insist on concessions on agriculture from the Common Market. These would be mainly on the Market's internal price supports. In any case, the Administration is expected to demand concessions on the EEC's common external tariff, or other European trade barriers, to compensate her for the expected loss of grain exports to Britain after Britain joins.

Also recommended are fiscal aids to selected developments by American firms in advanced technology, where these are held likely to contribute heavily to exports. Washington officials have come to the conclusion that further deterioration is inevitable in trade in conventional goods, and that the future stability of the US balance of payments depends heavily on advanced technology exports.

Federal adjustment relief should be greatly liberalised, the report says. At present, unemployment caused by imports can only merit this relief (provided for in Kennedy's Trade Expansion Act) after real distress is proven.

Despite this plea, the union representatives on the Commission have entered dissenting notes. They wanted unconditional protectionism, and at one point they walked out over this.

"And £17,500 to run Dinky Toys"

Cash crisis hits strike plan

ON THE brink of major pay negotiations covering three million workers, the biggest union in the engineering industry, Hugh Scanlon's 1.2 million-strong AUEW, is faced with a cash crisis. A four-day strike would cost the union all its resources.

Four factors have created the crisis: a drop in recruitment; the defection of thousands of union members from the skilled Section 1 grade, for which their weekly contributions are 25p, to the unskilled Sections 5 and 5a, paying only 10p or 14p; the doubling of benefits, so that strikers are now paid £6 a week; and an increase in the number of strikes made official. It has spent £1 million on strikes in the first six months of this year.

The union is in difficulties in spite of the fact that an increase in contributions was expected to raise its income from £4¾ million in 1970 to £7½ million this year. This was calculated to leave a surplus of £250,000 in 1971, but no surplus at all is now predicted. Ironically, the result is likely to make its militancy in the national pay talks much less credible.

Eric Jacobs

SHOP!

By Gwen Nuttall

Never mind the label...

Come the autumn, there are going to be fewer "Made in Hong Kong" labels around. Not that there will be fewer shirts or watches in the shops actually *made* in the colony, of course; it is just that you won't be able to tell any more where they came from. You see, our friends in the European Free Trade Association and elsewhere have, for some time, been applying pressure to make us drop the 1926 Act which insisted that imports should be marked with their country of origin. They argue that labelling a T-shirt "Made in Hong Kong" or a bottle of perfume "Made in France" is a barrier to international trade. (Yes, I know it sounds screwy, but stay with me.)

The Department of Trade fumbles with an explanation about the cost of labelling hindering exports (compared with the U.S. surcharge?) But the real barrier is prejudice, the prejudice that stops someone buying a perfectly good article from Poland or Taiwan out of snobbery or political animus or makes them believe anything from Hong Kong must be cheap.

And the Government is going to free you from that prejudice whether you like it or not. A little-noticed provision of the 1968 Trades Description Act ensured that from this November country of origin labelling would become purely optional.

If this tell-tale indicator is removed, many UK firms feel housewives will gravitate towards imported lines whose quality is often better than similarly-priced British products. Fine Fare reckons lab tests showed Taiwan knitwear superior to all but the more expensive UK brands and M & S. But far fewer women would buy it with a Taiwan label than without.

It is unlikely, however, that you will pay less for imports from the Far East. You may even have to pay more if the unscrupulous fringe hoists prices once the damper of an "Empire made" marking is removed. The real cuts should come from the UK firms operating at the cheap end of the market who will have to slash prices to stay in the race. That is why trade associations (from shirts to brushes) have been clamouring in vain to have country of origin marking retained.

Smashing

WE knew it. Twice-cooked foods—and that means most convenience foods—simply cannot contain all the goodness they ought to. Now Cadbury Schweppes Foods has confirmed our opinion by adding Vitamin C to its instant mashed potato, Smash. Injecting five milligrammes an ounce it claims, has made the instant variety almost as rich in this vitamin as freshly harvested potatoes, with the added advantage that age does not lessen the concentration as it does with the real thing.

Blue recipes

A LIVELY firm of fruit growers, James Trehane & Sons, has decided to try and popularise blueberries. James and his son Jeremy reckon that blueberries are more versatile than any other berry and have produced a recipe leaflet, currently being distributed with the fruits in London stores and supermarkets, to give some idea of how it can be used.

Known to the botanists as *vaccinium corymbosum*, the blueberry is a distant cousin of our native bilberry, blaeberry or whinberry. It can grow up to 8ft high and produces berries up to threequarters of an inch across to make those delicious blueberry pies. One of the best things about it is that it ripens from mid-July to September, when the raspberries and strawberries are over and before the blackberries come.

If you would like a blueberry recipe sheet, write to J. Trehane & Sons, Ham Lane, Longham, Wimborne, Dorset. And if you fancy your hand at growing them, the Trehanes can supply plants, starting at about 65p. You can get a catalogue from the same address.

Mon dieu! A 1,400% mark-up

SCANDALOUS overcharging by French restaurateurs is being attacked in the South of France—by the wine growers who provide practically all the revenue for a large slice of this sun-baked land.

Visitors, they say, should never pay more than four francs (30p) for a litre bottle of vin ordinaire or more than five francs (37½p) for the slightly-better wines which actually give an area of origin.

Yet even French tourists are being rooked by restaurateurs demanding 12.26 francs (94p) for a bottle for which the wine grower would be lucky to get 80 centimes (6p).

There is a law against such mark-ups in France—but it does not seem to be very effective.

The outcry by the wine producers claiming that their humble but honest vintages are being threatened by the sharp practice of the hoteliers and restaurateurs is being led by Alfred Crouzet, mayor of the town of Servian, deep in the Languedoc wine country and president of the Association de Propagande pour le Vin.

He was a victim of the wine profiteers during his caravan holiday in July when he was asked to pay 6.50 francs (50p) for half a litre of "very ordinary" vin rose. He complained to the authorities. On his return home he found a stack of letters telling of similar experiences and he decided to make the affair public to force the authorities to take action.

"Sometimes ordinary table wines are disguised behind an ambiguous label," says Crouzet. "A typical case this summer occurred in the Alps where a vin ordinaire is served under the label Vin de Reserve de l'Hotel.

"It is a vulgar wine with an 11 degree alcohol content inferior to that made here. Including a service charge of 15%, the restaurateur is selling the wine at the rate of 12.26 francs (94p) for a litre (1.77 pints) while a wine grower would be lucky to sell a litre for 80 centimes (6p).

"The charges are disgusting," says Crouzet, who, as the headmaster, is one of the few people in his town who does not earn his living from wine. He said that bottling, tax, transport charges and wholesalers' profit raised the wholesale price of a litre of vin ordinaire to between 1 franc 50 and 1 franc 80 (11p to 14p).

"A restaurateur is allowed 'Culbutt' (summer salt), that is to say doubling his money, on wine sales—which is generous enough when all he has to do is carry it from the cellar to the table," said Crouzet. "A litre of vin ordinaire should cost between 3.0 francs and 3.60 francs (23p to 27p) in a restaurant."

"It is ironical that the overcharging of tourists occurs as much as anywhere here in the South of France where the production of wine is all important to the economy.

"The practice of overcharging is widespread and tolerated because it allows hoteliers to make up for the high taxes they have to pay," he says in an open letter to Prefect M. Bernard Vaugon, the Government representative for the Languedoc-Roussillon area.

Vaugon has ordered enquiries into the complaint by Agriculture Ministry fraud squad inspectors in the regions of France where the alleged instances of overcharging too place. But a member of his economic staff was pessimistic about the probable outcome.

"We know overcharging is widespread and the restaurant owners get away with it because the disciplinary machinery is ineffective," said Vaugon.

Since 1934 it has been illegal in France for restaurants to make unreasonable profits on wines and spirits, but the relevant legislation, Article 286 of the Code du Vin does not specify what profit can be fairly charged. A commission called the Comité National de Surveillance des Prix du Vin composed of wine producers, restaurateurs and civil servants from four different Ministries, exists to determine, in each individual case investigated by the wine fraud squad, whether a customer has been overcharged and whether a prosecution should be brought. The committee works generally on the basis of permitting a profit of 50% of the selling price to the public.

"The whole system of control breaks down because the committee hardly ever meets," said Mr Vaugon.

The manager of a wine dealing firm that sells 30 million litres a year pulled a bill from his pocket and pointed to a charge of 7.50 francs (58p) for a wine that he had drunk at lunchtime in a restaurant this week: "That is exactly three times what that restaurant owner paid me for that bottle of wine when I sold it to him last week. They overcharge openly now," he said.

And anyone else who uses the plush holiday resorts or eating places beside main roads to the South.

Ted Clark, Montpelier

business news City, investment, money — Financial Editor GRAHAM SEARJEANT

John Hodder

In father's footsteps?

THIS IS Bruce Owen, who at 24 has just battled his way to the chairmanship of McIntyre & Sons, a tiny Liverpool-based company with a distinctly mediocre record *in making and putting up steel* frameworks for buildings. The best net profit of the past 10 years was £26,860 back in 1965. So Owen and his supporters did not have too much trouble convincing shareholders that it was worth giving a chance to their new policy of "broadening the company's base and using its quotation to make acquisitions in allied fields."

Instantly, McIntyre shares have *jumped from 10p to 14p, the best* they have seen since early 1969. That rise owes not a little to the hopes raised by young Bruce Owen's antecedents. Father is financier Bernard Owen, a favourite market whizz-kid of the early Sixties who popped up in so many takeovers it was difficult to count. Little has been heard of Owen since the operator's *skill* succumbed to management problems and his master company, *British Steel Constructions* (Birmingham), plunged from profits to losses. Control of other Owen *vehicles like Parnell Electronics* and Associated Piano was also sold off and now Owen senior plays off a handicap of five at golf.

Young Bruce, who plays off a handicap *of 7, remains* an unabashed admirer of his father. "People tend to think only of BSC and forget the real successes like Diners' Club" he says. And there are pretty strong shades of the family influence at work. McIntyre is an old Owen family holding, and family money and contacts certainly helped in bringing Bruce to the top.

But Owen junior stresses that Bernard will be playing no part in McIntyre, apart from being a shareholder. The new chairman seems nobody's puppet. After a youth spent waterski-ing, *he* qualified as a chartered accountant two years ago and forsook a chance to go to Harvard Business School for the challenge of putting a new costing system *into a near-bankrupt company* that has since turned round.

Having planned his coup at McIntyre in advance, he already has two prospective private company acquisitions in train. These will link in with McIntyre's existing business and are designed to boost earnings per share as well. Owen and his new management team, which includes engineers and an MP, are also paying attention to things like debtor control *and expanding turnover with new* ideas like package deal warehouse systems. Only time will tell whether the son has learnt from the mistakes of the father. At this stage it looks well worth a gamble—if, that is, you can pick up a few of the shares. There are only 3 million in issue and Bruce controls 250,000—which is a powerful incentive to do well.

How small shareholders pay the price of frustration

Many merchant banks are beginning to complain that the Takeover Panel is becoming too rule conscious, that the original intention behind the establishment of the Takeover Code and *the Panel itself*, was precisely to get away from legal minutae. But the following two cases show how important attention to rules can be if the Panel is not to make its judgments appear arbitrary.

THE SHARES of Edger Investments were *scraping along* at 176p last week, having fallen steadily since it became clear that the takeover bid by Amalgamated Investment and Property would fail. It was a victory for Edger's large investors. The board, chaired by Sir Gerald Glover, solicitor to the McAlpine family and Development Securities, a McAlpine *family* company, *had* owned 40% of Edger. By buying in the market, they raised their holding to 44% and made a difficult bid an impossible one. Had the directors frustrated a bona fide bid? The Takeover Panel agrees that they did not, that they were merely protecting their investment and their jobs. But to the small shareholders, the argument could sound rather different.

Small shareholders always complain that they get the roughest end of any deal connected with the stock market. In bid situations, this problem is acutely highlighted and the Takeover Panel was originally established to ensure that all shareholders received fair and equal treatment. So it is instructive to compare two recent cases which, in the excitement over the takeover battles for Truman, Bovril and Cunard, were obscured from *public view*.

The first goes back to April last. Towards the end of the month, the 1970 Trust, an investment company run by the former ATV man, Robin Gill, bid 15p for the shares of another investment company, NMC Investments. After a long-drawn-out battle, the directors of NMC issued a statement through their advisers, Samuel Montagu, that a bid of *21p would be a fair offer.* The 1970 Trust then bid 22p. The major shareholders of NMC now appeared to be split. One director wanted to accept the bid. Two others were opposed. The major shareholder was the City Group *of companies*, a private investment holding company controlling three quoted companies, Western Selection and Development, East Rand Consolidated and Kwahu. These three companies together owned 27% of NMC. A further 20% was owned by two private investment companies associated with Latilla family *trusts, Herbert Latilla having* built up the City Group. This 20% was implacably opposed to any offer. Of the 27% owned by the

Edger's Glover: victorious

Amalgamated's Harrison: foiled

three quoted companies largest stake belonged to W… Selection with 16%. W… *Selection was keen to sell*, … it had offered its 16% to the … Trust, the battle would have … lost.

So, in a private deal W… Selection sold its 670,000 … to East Rand at 22p per … *the value of the 1970 Trust* … Now this was clearly a … action by an associate o… *offeree company (in the* … over Panel's jargon) which … trated or affected the outco… the bid by 1970 Trust. … Panel stepped in and … required East Rand eith… bid for the whole company … a share or to stand in the … for five dealing days to pu… any shares from other … *holders at that price*. East … chose the latter alternativ… had to take in a million … incidentally making a rights … necessary to raise the cas…

In Edger's case, the pu… by Edger's associates an… Development Securities … passed by the Panel, who a… that the rule dealing with fr… tion of a bid referred o… associates with a "comme… interest in the outcome o… *bid. Thus, if a supplier to* … pany being bid for should … shares to frustrate the bid, … 33 would *apply*. *In the* … case, it was argued, the dir… were only protecting their … ment or their jobs, both p… sible activities. But even … purchases by the director… permissible, the purchase… Development Securities we… principle, no different from … *of East Rand in the case of* … *The intention was the sam*… stop the bid), the action wa… same. There were two differe… *in NMC's case both purchase*… seller of NMC shares … associates of NMC: in E… case, the purchaser, Develop… Securities, was a larger … holder than East Rand in … Neither difference, it seem… me, alters the principle inv…

The Panel argued last … that the action of the … board and associates, in in… ing their holding from 40… 44%, did *not* create a new … tion affecting control. Where… the case of NMC, the 16% b… by East Rand could well … *affected control*. But, as … Truman bid has shown, … point over 40% becomes … a takeover *bid*. The large… initial stake, the smaller … margin required. Develop… Securities bought its shares … market at 210p. The price is … 176p. Should not Edger's sm… shareholders also be offered …

Aziz Khan-…

Pills for profit

EUROSHARE

SCHERING AG (GERMANY)
Share price:
DM 50 shares: £54 (DM445)
Dividend: DM20
Yield: 2.3%
Market Capitalisation: £191m
Sales: £97m
Net Profits: £6.1m
Price Earnings ratio: 30
Number Employed: 15,576
***Dollar Premium:* 21¼%**

YOU CAN still buy shares on most European stock markets, despite the growing controls on hot money inflows everywhere. But this freedom has not stopped the steady decline of share prices in most Continental markets due to the currency upheavals.

Germany has been living with these conditions longer than most, and still has the least restrictions for the foreign investor. Moreover the crisis has had the unexpected bonus of lowering the apparent revaluation of the floating D-Mark—good for German industry and foreign shareholders.

Schering is the largest German drug company and probably the largest non-American maker of the contraceptive Pill and its shares are among the highest-rated in Germany. Even so, it *has not proved immune to the* general market decline, being back to its end 1970 price level. However, *it should be one of the* few German companies to report higher earnings this year despite revaluation and rocketing wage costs. The shares belong to that rare breed that have outperformed the market in each of the last *three* years and they should manage to do it again.

Berlin-based Schering is one of those companies with a US twin of the same name formed by confiscation of its American interests *in the war*. The German company retained a pole position in hormone research which led to the Pill. Schering's Gynovlar is the most popular brand in the UK, and, with Minovlar and Anovlar, probably has a quarter of the market. In addition to these contraceptives, Schering leads in new hormone drugs—the anti-androgens, *the first of which—against* hypersexuality in men—is now being marketed.

***Drugs make up three-quarters* of what Schering sells and the bulk of the 56% of turnover that is exported. From the interim report issued last week it is apparent that the business continues to expand at its customary 15% per annum, but it is the ancillary industrial chemicals, pesticides and fungicides that are making all the running just now, while Schering's last odd sideline, galvanising, is pretty lethargic.**

But pharmaceuticals provide Schering's investment appeal. Two years ago Schering was the German stockmarket's favourite for a takeover with each of the big three German chemical companies fighting to stop the others taking it over. This partly explains a restricted voting structure and the tight market in the shares. Investors also have to reckon that Schering's "German" figures shown above are possibly only a half of true global earnings. However the equity is diluted by issues of convertible loans as rights to shareholders, the latest being *for DM 62 million* in June this year. That provides German investors with the yield they expect; foreign investors will stick to the shares as firm favourites.

James Poole

هكذا من الاصل

هكذا من الاصل

'larrison barges in on Grand Junction

.. of the oldest property com- s in the world, the £18 mil- Grand Junction company nded in 1793, as the Com- of the Proprietors of the d Junction Canal), looks like ng under the takeover er's hammer. Rich, but lei- y, it has just the good-quality olio of properties round the e of Central London that offer the biggest return to smart acquisitive property oper now.

te on Friday the shares, have been smouldering for burst into flame, leaping o 145p. Both Jeffrey Sterling, amages fame, and Gabriel son, who is building Amal- ted Investment into one of ost exciting property outfits gh just such deals, were ured to be buying. Sterling s any part, but although son is making no comment, ieve he is keenly interested as been talking with Grand ion's board.

nd Junction is now one of ost attractive medium-sized rty companies for ambitious s with large development ammes. With its £19 million rty portfolio relatively un- nbered with debt, and with 3 million portfolio of stock et investments, Grand Junc- s both a source of collateral f ready cash.

ne 76% of the property olio is in London, the bulk in shops and offices. Two developments, a £2 million trial and hotel development ddington, and a £3 million development at Aldgate. ave a significant impact on alance sheet when they are eted in three to four years. sions are also due to e, though the bulk of these ot come through until 1975. December, rents should rise % to £1.8 million. On the side, the last valuation h 1970) indicated a net value of 111p a share, or fully diluted. So the mar- 145p price last week is dis- ng nearly all the company's l increases for a good few

ertheless, a bid of some- in the region of 160p could ll worthwhile for Harrison felt he could use the gear- ossibilities of Grand Junc- Of the £19 million proper- £15 million is freehold. Loans excluding the convertible amount to just £1.9 million. Harrison's own development programme now tops £40 million. Since the abortive bid for Edger (see opposite page) he has acquired £9 million in properties in Canada and in Mitcham, Surrey. And he is involved in developing Hay's Wharf.

It is possible that he would also be spared the effort of a contested bid. His merchant bank, Lazards, also acts for Grand Junction. A Lazard director is chairman of the company and Lazard's also has an indirect stake through another of Lord Cowdray's companies. Another major shareholder in both companies is Guardian Royal Exchange. So it could be an agreed bid. In which case, the speculators will not make a great deal of money.

BP issue soon?

BRITISH PETROLEUM has seemed on the verge of making a big rights issue to raise capital for so long that the company must be tempted to make it now, as the stockmarket expects, just to get the thing off its back. As I predicted everything is going right for such an issue. Profits were more than recovering in the half yearly results given last week. And the company went to the highly unusual lengths of making a forecast for the remainder of the year—effectively a minimum profit of £160 million against £91 million in 1970.

It is not that BP is desperate for the cash to pay the wages. When I asked last week how much of the latest financing, a £100 million standby credit arranged last January for 12 months, had been used, there was a deep chuckle at the other end of the telephone before the answer came back. "Peanuts."

But BP's need for funds is not just short term. Apart from heavy spending now, it faces demands for increasing sums throughout the 1970s not just for capital investment in refining and transport but to meet the massive and rising costs of exploration. To do this it needs to boost its base of share capital to support future borrowings. A one-for-10 rights issues, raising about £200 million, would fit the bill. This is roughly what the market is discounting in the share price, which at 602p is valuing BP's likely earnings on a P/E of around 13½.

Such an issue would undoubtedly cause problems: the two major shareholders, the Government and Burmah Oil, would be embarrassed, and BP's US shareholders, now some 3% of the total, would effectively be shut out from the issue. But the problems of waiting could be worse.

Don't hold Tigon

THE REQUOTATION of Tigon contains no surprises. The profit forecast for the original company has been raised by a mere 60% to an annual £360,000 since the original launch in May—making a pre-tax £940,000 for the enlarged group in a "normal" year. The offer price for sale of the 3,950,000 shares which form part of the payment for Classic is pitched at 90p, which just about bales out all the speculators who rushed Tigon's price up to 89p before the shares were suspended. And some of the big names in the city have joined the directors in underwriting the issue.

It is easy enough to pick holes or point to growth potential. The real question is whether, with plenty of profits to be taken, the City will warm sufficiently to chairman Laurie Marsh's operation to accord it a much higher rating than other groups of modest size in the entertainment business. Even at the offer price, the shares would be selling at 13 times prospective earnings in an up-to-now declining industry.

I, for one, have had a prejudice about film shares ever since spending a day with two contrasting film entrepreneurs a couple of years ago. The first told me that film-making was essentially an artistic process, the second that it was essentially an industrial process, subject to conventional business disciplines. Only later did I discover that the first firm had made most of that year's profit from a near-the-knuckle sex production, while the latter gent had been sacked from his previous job for exceeding his cost budgets.

Laurie Marsh seemed to confirm my prejudice when launching the requotation of his Tigon Group last week. "We are aiming at profits," he said, "but with good taste and quality." A glance at the prospectus shows that 11 of the 85 Classic Cinemas bought by Tigon are used full-time as cinema clubs, while the latest film to be completed is called the Magnificent Seven Deadly Sins. Despite the presence of ex-film censor John Trevelyan on the board and a profitable run for Black Beauty, most would agree that Tigon's future profits are inevitably linked with the growth prospects of sex and horror films. These are buoyant at the moment, but as uncertain as anything else in future so I would steer clear of the shares.

The devotees would not be interested in that sort of argument. More glamorous acquisitions are what they are after with Laurie Marsh, still only 39, cast as a potential Maxwell Joseph of the seventies. The gamblers may be right, but they should not think that Marsh is solely committed to Tigon. A group of his private property companies are also due to come to the market at the end of November under the confusing name of Town & District.

Tigon aims at "good taste and quality," starting with Raquel Welch in "Hannie Caulder" next month

Building up to a recovery

TIME TO BUY

NOWEST HOLST, my tip for this week, has had a good run. From its low point of 51p it has come up to 143p. But the low point was reached only as the result of a panic throw-out when the half-year figures, showing a fall in profits from £722,000 to £419,000, with large write-offs being made on the Seaforth container terminal, seemed to suggest that the company had hit a very rocky patch. The construction industry was then still very depressed, and no one was predicting the sort of upsurge in housebuilding which has occurred since. Now the market as a whole is at its highest-ever level. Housebuilding is booming. Construction looks more healthy every day. Norwest itself produced year-end figures last month showing a considerable second-half recovery to an overall £926,000 (compared with £1 million in the previous year). The share price recovery to 143p is partly to do with the market's general optimism.

But it is not fully appreciated how much further this recovery could go. Housebuilding has grown explosively, with the large Merseyside developments in heavy demand. The construction side, which had been closely linked with the steel industry and with CEGB work, had been depressed by the down-turn in those industries. The Seaforth container terminal was also a disaster. But though there still remain a few problems, the construction side, two thirds of Norwest Holst, is well stocked with cost-variation (not fixed price) contracts. With Holst at last beginning to show the full benefits from the merger, the 20% rate of sales gain should improve this year, as should margins. As a backstop for next year's and 1973's growth, a revival of CEGB and steel industry orders should provide Norwest Holst with a good deal more work. The remaining activities, plant hire and overseas developments, are currently making good profits as well—a new situation for the group

When the half year figures are released in December, they should show the company running at the rate of £1.25 million a year. In the second half, with an upturn in the economy, that could be increased to just under £1.5 million. On Norwest's depressed historic earnings, the P/E is 12. On the lower profits estimate for the current year, the company is selling on a projected P/E of 8.5. The higher range would put it under 7. That is a very low rating indeed, particularly as the company hints that the £2 million pretax profit target might be attainable by the end of 1972/73. The pending one-for-one scrip issue makes the shares even more attractive.

Buying price: 143p
1971 high: 143p
Low: 51p
Yield: 4.4%
Cover: 1.7
P/E: 12
Latest profit: £926,000.

Aziz Khan-Panni

MARKETMETER

fred Herbert shares ined remarkably calm in teeth of disastrous order tics with only a ½p flicker p each. Following on stonishing ease with which dropped a whopping 3.2 n Herbert shares onto arket at only a few pence nt, this can only mean dy buyer. Not just one says Herbert, who unlike of the City knows where A shares have gone.

penheimer & Co of New are taking over Brendon ties, the investment man- nt company owned by Butler-Henderson and de Laszlo. The idea is to some of Oppenheimer's nerican funds with on in London. Brendon, used to handle Triumph ment Trust's investments out when Triumph took ceanic and acquired its anagers. The principal n investment vehicle, the illion Simonside Invest- Trust, last week made a 0 convertible issue to its olders, and could be at the *ng end of future funds* ppenheimer.

tish Enkalon has dis- ted some of its fans, cked round after ngly good 1970 profits. ares have not taken off sive boosts of fibre sales, figures for the first nths given last week rofits and prices were pressure. ct Enka seems to have the neat trick of ing out of tight corners, often boosting sales with low margin fibres imported from its overseas parents to keep profits up. Then when prices rise, Enka's profits on the bigger volume rocket to a new high base level. This is what should happen now, getting faster as booming consumer spending gets translated into a textile upswing at long last. The 13.5 P/E ratio will then be left behind and Enka's Northern Ireland stakes and market *disappointment with falling* profit margins should be forgotten.

● **PLESSEY** has been a strong market since we suggested that it looked undervalued at 112p early last month. At 139p, it is more difficult to be sure. But brokers **Rowe Rudd's** thorough new circular on the company is emphatically optimistic. Last year's figures, due next week, will show a sharp £3 million fall to £22.1 million, according to the brokers. But they believe profits will bounce back to £28.2 million in the current year. On that prediction, the projected P/E at 139p is still 15.5. It looks *high enough for* the moment, though still in their words "a growth stock for the Seventies."

● Another booming week for shares in London left the Times Industrial Share Index up 3.86 on the week at 172.59. On Wall Street the Dow Jones average edged back 1.75 points to 911.00. But both markets, it is increasingly clear, have the fundamental prerequisite for a bull market rise; the prospect of higher company profits.

Can 50m French be wrong?

BY TERRY HUGHES

Viva Concorde . . . and the good she is doing to French trade everywhere

THE Brazilians last week gave an ecstatic welcome to Concorde 001—an aircraft which they must have thought of as purely French. They had no means of knowing that Britain is responsible for half the venture and has so far provided £300 million—rather more than half that spent on development so far.

There is in fact a 002 built by the British Aircraft Corporation flying humdrum tests from an obscure British airfield in Gloucestershire, but the Brazilians were not to know it. 001's South Atlantic junket, spearheading a French trade drive in Latin America, is typical of the way in which France has used the Concorde to project her image abroad as a modern technological power.

The spin-off both for her political influence and export potential is likely to be handsome. Giscard d'Estaing, the Minister of Finance, has gone to Rio to officiate. Even before the dash to Rio the French Government and Aerospatiale, BAC's French partners, monopolised Concorde's publicity.

There is a long list of French first. The first Concorde prototype was French, it was the first to fly supersonic, the first to reach twice the speed of sound and the first to take up a plane load of journalists—naturally all Frenchmen.

Concorde was the *pièce de résistance* at the Paris Air Show in May when reporters were taken on supersonic flips round France. *The British had to argue fiercely* with Aerospatiale's boss General Henri Ziegler to get on board at all. "It symbolises France's resurgence," according to a former minister of aviation. It also proves to the world that it *is not only the Anglo-Saxons who* build planes.

There is a practical side to *La Gloire and it may well count* in South America where French aviation has enjoyed a high reputation ever since Antoine de St Exupery and other pioneer Trans-Atlantic pilots of the 1920s.

No South American airline has an option on Concorde and the result of 001's visit could be an increase in the 74 options now *staked out by 16 airlines. If this* happens it will be welcome news indeed, since Concorde's builders must now show that the plane has a commercial future and time is running out.

Yet another review of the project is coming shortly and in the view of Frederick Corfield, Britain's Minister for Aerospace: "*Nobody is going to build Con*cordes to put them in a museum." So a little showmanship would not be out of place. For one thing Concorde works: So far it is within 1% of its predicted performance. "From the point of view of the chaps who want to cancel, it is rotten bad luck that the plane does all the things we said it would," according to Geoffrey Knight, chairman of BAC's commercial aircraft division.

The UK sales team based at Filton, Bristol, is conducting an intensive drive and has high hopes of adding to the list of option holders. KLM may come in at any time. China has asked for information and hopes are *high*. But *unlike their French* colleagues the British salesmen do not have the feeling that the whole country is behind them.

France has 50 million salesmen, but even the British Prime Minister prefers his yacht to a trip in a revolutionary new aircraft. Britain is showing a remarkable diffidence in pushing a product which, as *the French have instinctively* understood, has a revolutionary political and economic implication.

The fault lies with both the manufacturers and the Government. Each has shown an amazing inability to understand Concorde's remarkable public appeal. Britain's 002 has been nowhere, not even on a proving flight to *Gibraltar. The Prime Minister* turned down an invitation to go to Toulouse when President *Pompidou flew in it and Prince* Philip has not been allowed a supersonic flight. Yet the aircraft is popular. When displayed at one or two air shows in June, huge crowds greeted the plane enthusiastically.

BAC, however, appear to be apprehensive about over-selling the aircraft. This may be a *reaction to the days when a* British prototype was launched almost every week in a great blaze of publicity, only to fail miserably a year or two later. Almost to their amazement Concorde does almost what she was expected to do and has no *credible opposition.*

Some senior management of BAC however do not believe in telling the public anything. Rightly or wrongly they believe the plane's future will be decided in airline board rooms and the committee rooms of Whitehall. They think it is all above the head of the ordinary taxpayer, who have so far contributed more than £5 per head to the scheme. It is true, moreover, that BAC's management have acquired a "slit trench mentality." The sniping has been continous since Concorde was started, with *criticism fiercely* directed by politicians, economists and journalists.

In France it is quite different. Anyone who criticises Concorde is either regarded with pity as an ignoramus, or downright hostility as a traitor. *But in Britain, where* Concorde must be continuously defended both in public and *private, the planemakers have not* even used their principal weapon, the plane itself.

Though there has been some slight change in attitude by BAC in the last year or so, the Government, whether Conservative or Labour, has shown no inclination to help. Indeed it has done its best to cool enthusiasm for the *project. This has not surprised* the French, who have been [...]picious of "Albion's per[...] ever since Harold Wi[...] attempt to scrap the proje[...] 1964.

To many of the British [...] French engineers it is remar[...] *that Concorde has survived* [...] political minefield of A[...] French relations. Even no[...] French and British estimat[...] sales differ markedly. [...]spatiale believes that at leas[...] Concordes can be sold. Bri[...] Department of Trade and I[...] *try gloomily talk in terms* [...] They think that at least [...] *orders are needed before* [...] project is safe from the axe[...]

Symptomatic of the British [...]tude towards the plane wa[...] discouragement by the Go[...]ment of any reaction to the [...]cellation of America's SST. [...] the news came through that [...]gress had finally killed Conc[...] rival leaving any airline wa[...] *to go supersonic with only* [...] aircraft, BAC decided to ma[...] comment. General Ziegler[...] boss of Aerospatiale, [...] apoplectic. Ringing BAC at [...] he demanded to know why B[...] was so slow in taking adva[...] of the American failure.

Setting an example, he [...]moned a Press conferenc[...] which he *called for a maxi*[...] effort to bring Concorde [...] production, suggesting that [...] US wanted to cut herself o[...] modern technology it was [...] own affair. It is perhaps [...] surprising that in May [...] General went round the t[...] chalets of the Paris air [...] *claiming that he was the* [...] *man trying to sell Concorde* [...]

* *Terry Hughes is co-author with John Costello of the book The Battle For Concorde being published by The Compton Press on October 14.*

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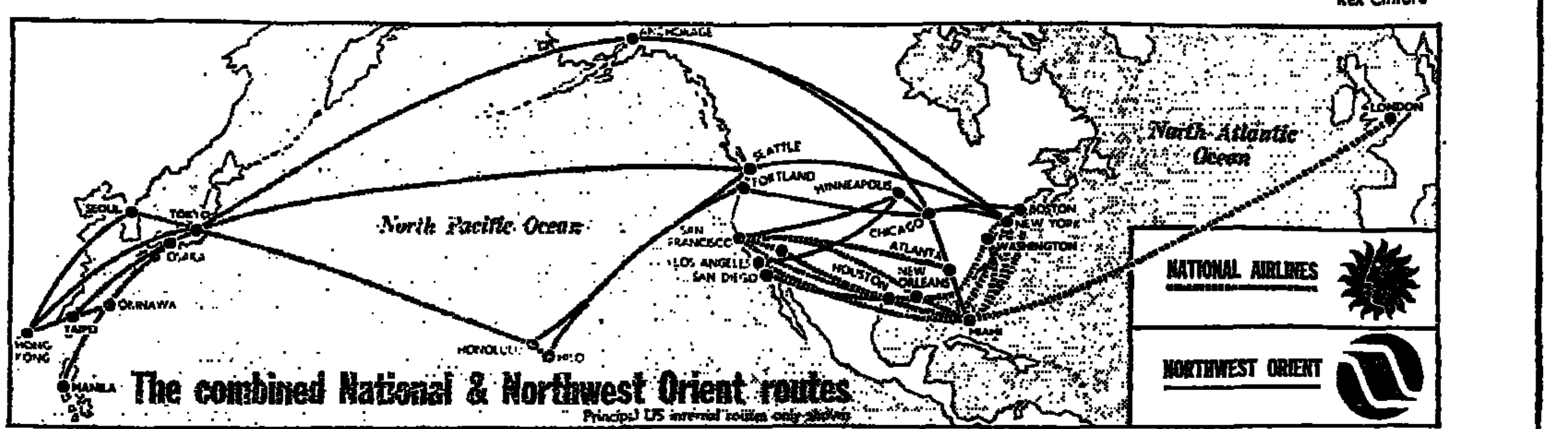
ENGINEERS & DRAUGHTSMEN

SALES ENGINE[...]

How to make a jumbo profit without a dose of Martini...

By VINCENT HANNA, New York



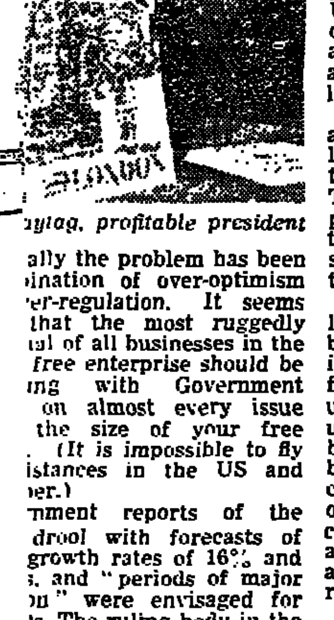
The combined National & Northwest Orient routes
Principal US internal routes only shown

Rex Clifford

IDA'S National Airlines d to merge last week with ornia's North West Orient subject to US Government ission, could be laying the lations for a third major national US airline to rival roubled empires of TWA Pan-Am.

new group would combine nal's record-breaking Lon-Miami route (seven days a with 40,000 passengers last with North West's key US- links (plus a franchise, nded in 1949 but still un-lled, to mainland China). as both, almost uniquely US air business, made a last year, they could make ormidable combination — h still only half the size of two big rivals.

new airline could not take ough, at a worse time. For rst time, in American avia-history, fewer people million) travelled by air ear than in the year be-71 million for 1969). Costs ted by more than 30%, air prices rose by 15%. The s lost £75 million and re-n investment fell by 53.1%. ou can buy a second-hand g 747 at almost any air-n the United States and the s will go to ludicrous s to attract customers. igers for example, on the can Airlines flight from Los es to New York last week startled to see Frank a (junior) suddenly rise the first-class lounge and l night to piano accompani- On top of all that, there en a cutback ... more than in airline staff and last in New York five out-of-air hostesses were arrested ostitution.



ytag, profitable president

ally the problem has been ination of over-optimism er-regulation. It seems that the most ruggedly al of all businesses in the free enterprise should be ing with Government on almost every issue the size of your free . (It is impossible to fly istances in the US and er.)

nment reports of the drool with forecasts of growth rates of 16% and , and "periods of major n" were envisaged for s. The ruling body in the the Civil Aeronautics CAB). It celebrated the ty by awarding routes d sundry. "It was," says Spater, chief executive rican Airlines, "an orgy ication." As soon as a had built up a route ully, CAB provided com- The snag was that ion was confined solely equency of service.

the West Coast-Hawaii example. In 1969 the vas operated by two at a break-even rate. In year the franchise was to six other operators; eight run the service at Or consider the plight of on the key New York-route. Between 1959 and ee airlines (American, d Pan-Am) increased the of daily flights from 102 and introduced larger Although traffic went up the average load factor he percentage of seats , fell from 59% to 47%. t was to provide a roller-rom which it was impos- jump, you could not your competitors, you t even provide wider you could do was to run ghts than they did and passengers full of drink.

Airline companies take this facility scramble very seriously. Travel from New York to Miami on a Friday evening and you will receive lox and bagels, with pastrami and kosher pickle on the side. "It's our 'delicatessen special'," said an executive proudly. "All food is personally supervised by our own Rabbi."

Another sombre fact is that airlines have reached saturation point as far as establishing a total travel percentage is concerned. Latest estimates project a fixed share of 8.5% of the intercity travel market for the next decade. The only way to make a profit will be either to run the airlines more cheaply, or charge higher fares, or both.

But over-competition and government control is only half of the problem. There remains the question of overspending. During that boom in the 1960s airline chiefs were not idle, either. Most of their time seems to have been spent buying jumbo jets. "The Boeing 747," says Ray Woody, executive vice-president of National, "is an excellent plane. You can save up to 15% on operating costs if you keep it full." National ordered two of them and use them on their flights to New York and Los Angeles, but because they, like everyone else, cannot fill them, would dearly love to sell them for around £20 million.

Pan-Am set the ball rolling in 1966 by ordering 25 jumbos and within one year Boeing had disposed of 206 of them. "It was," said Woody, "a matter of keeping up with the Jones's for most of the airlines." A more practical aircraft for the US domestic airline business is the Douglas DC-10 which seats 300, costs £4 million less than the 747, and being a tri-jet is much quieter. National has ordered nine of these aircraft as the basis of its fleet, but Douglas says it will have to sell more than 400 to break even and it has so far received orders for little over half that figure. The problem is the absence of finance.

When the orgy of jumbo buying was in full swing, it was assumed that most of the finance (up to 75%) would be internally generated from earnings, cash flow and the sale of existing equipment. National, for example, has always retained about half of its net worth in cash flow each year in profit plus depreciation. Until the purchase of the 747s it owed no money either to insurance companies or to the public, and that is unique among US airlines.

But the general picture is alarming. Earnings of major airlines have taken a nose dive in the last five years and the Air Transport Association last year projected that some one will have to raise £250 million from outside sources if the airlines are to pay their debts.

Insurance companies, the largest investors in this field, are becoming underwhelmed with the idea of paying for many more flying white elephants. Besides, under New York law, to get an unsecured loan from a New York-based insurance company, the borrower has to show that its corporate earnings are at least one and a half times its fixed costs (interest and rentals). There are currently at least five major airlines which do not fulfil those requirements.

The two partners in the merger are radically different from the "Big Four" in the American airline business. They come from a direct pioneering background of business investment and personal enterprise. The four "leaders" on the other hand are package conglomerates put together as part of a government versus business struggle. (Boeing, for example, started United as an outlet for its aircraft, and General Motors packaged American Airlines).

North West grew out of a 400-mile route between Minneapolis and Chicago in 1926, and was the brainchild of a group of Detroit business men. It has constantly made a profit (except for 1970-71 and it is currently in the black) and has assets valued at more than £150 million. North West made its reputation in the 1930s on mail routes to Seattle and the West Coast. During the war it won concessions in Alaska and the Far East and began a full-time service to Tokyo in 1947, taking 44 hours in a Douglas DC-4.

It was involved in abortive merger talks last year with the ailing North East Airlines when it expressed interest in taking over the Miami-Los Angeles route. With the merger to National it acquires that franchise (National operates to the West Coast), and gains a wide advantage, in opening for the first time a direct service to the Orient from Southern and Mid-Western states. Its president, Donald Nyrop, was a former president of CAB.

National, on the other hand, opens the North and Mid-West for direct connection from London via Miami. It now means in effect that if you want to fly to any point in the Southern or Western states of the US (and some Mid-Western points also), it will be as convenient to go via Miami. Among the several factors involved is the crucial one of comfort. New York must be among the world's most uncomfortable places to visit by plane and the delays at Kennedy Airport are interminable for trans-Atlantic travellers.

Miami is suffering a decline as America's trendiest resort. For the average wealthy citizen now looks to those package tours to Europe as the proper status symbol for his vacation. You can have a 17-day whirl around five European countries with National for £300 (it is called "The Smasher") or do a "Golden age classic tour" of 11 countries for £400. And you would easily spend that sort of money in a fortnight on Palm Beach.

National's president and chief executive, L. B. Maytag, concedes that the merger is partly defensive. CAB is currently considering applications in three other cases, including one from Delta and North East. If that were to be approved it would restore a strong competitor on to the Eastern seaboard route, the National bread-and-butter schedule.

"We were being forced into a corner," says Maytag. "The Delta North East merger is the biggest threat to National's existence." Although not openly stated in Miami it is no secret that talks had been going on for some time between National and North West.

Maytag lists fleet compatibility, common service, and dovetailing of schedules as a future guarantee of reduced costs. He obviously pins a great deal of hope on the success of the merger. It has yet to be approved by CAB and ratified by Mr Nixon. Most of these decisions in the US are openly political and in that regard it is not unimportant to record that Bud Maytag was co-chairman of Richard Nixon's fund-raising campaign in Florida last year.

Maytag, great-grandson of a German immigrant who invented the Maytag washing machine, is an ex-pilot who bought a shaky airline in 1958 in Denver called Frontier Airlines, turned it round in four years and sold it at a profit of £750,000. He bought National in 1961 with the help of Dudley Swin, a Minneapolis businessman, for £2,500,000, acquiring an outfit which had rocked from hand to mouth under the control of Ted Baker, a tough character from Florida, who ran it like a fiefdom and left a trail of union disputes and government wrangles behind him in 27 years of absolute control.

Maytag brought a team from Frontier, Woody, Dan Brock (Sales), Bill Nelson (Legal) and Ed Dolansky (Finance), who are still at their desks in National's Miami headquarters.

The management style appears efficient and relaxed and the labour bargaining is done in an atmosphere of equality and moderation. The 118-day strike last year hit the airline hard and I looked carefully for the signs of tension that usually follow a major confrontation. But Maytag has appointed a new vice-president in industrial relations.

Clearly there is still a question mark over future labour problems at National. Inter-union rivalries and local union prestige will loom large in any future wage talks, for four of the current contracts expire early in 1972. The success of the London-Miami run has, however, captured the imagination of everyone in the city, not to mention the airline and one feels a sense of urgency among the workers there. "We've got a plum route here," a traffic officer told me, "everything has to be perfect."

The best way to gauge an airline's efficiency is to look at two criteria. First there is running costs per available seat mile. In National's case this is currently 2.42 cents, and that compares favourably with any company in the US. The second crucial figure is usually the "break even," percentage on every plane load. National now have a break even factor of 42% due to trimming down on overheads, paying off 700 of headquarters staff and cutting back by 15% on East Coast schedules. It seems to be working, for the first half of 1971 showed National in profit to the tune of £1,300,000.

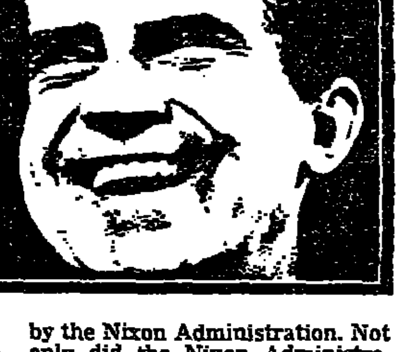
Only Delta Airlines (easily the most profitable of the domestic carriers), performed better this year than National and its success can be compared with losses of around £12 million and £16 million for TWA and Pan-Am.

Most journalists turn a jaundiced eye towards flying anywhere, and mine is yellower than most. But on my flights to Miami and Houston (admittedly first class), I got the distinct impression that people were taking great pains to put on a display for their passengers.

This was true not only for the "VIPs" in the first-class cabin, but for the tourist passengers as well. The new airline will be a different animal from the huge conglomerates which dominate airspace over Britain, but that will not be a bad thing. If private enterprise is to flourish at all in a crowded commercial world it will be because of economy of operation and individual service. National North West may have fewer flights than the "big four" and the connections may not be as frequent or comprehensive. But it has a fighting chance of economic survival.

NIXONOMICS

It is just four weeks since President Nixon declared war on imports. Everyone is complaining, but the two countries whose livelihoods are most drastically hit are making plans to fight back...



Bang goes business in Japan

From CHRISTOPHER REED in Tokyo

AS JAPANESE *industries this* week totted up their expected losses from the Nixon import surcharge and the floating yen, such were the yowls of anguish it might have appeared that the economy faced bankruptcy. But on Friday the Economic Planning Agency *said the gross domestic* product was still going up.

Although a slowdown at home is one of the main reasons the Japanese put forward as a plea against "Nixonomics," the nation's output for the second quarter of this year had risen by 3.9% *above the same period in* 1970. And by the end of the year EPA is predicting that Japan will still have a growth rate that Britain would envy though very low by Japanese standards. Probably around 7%.

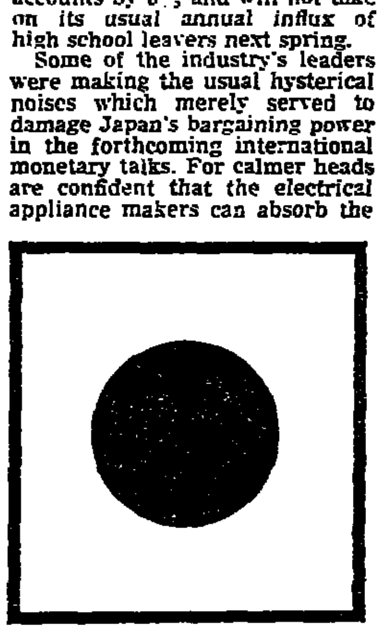
Even so, business leaders were still wailing about "options for survival, crushing blows, facing extinction" and calling on the Government to help them out in foreign payments. All of these *will be hit by yen floatation* or revaluation, and the two leaders, Ishikawajima Harima, and Mitsubishi account for 40% of this total between them. The industry has done little about it *so far other* than to demand compensation from the Government, either in *cash or tax benefits.*

But the builders could certainly claim business was slack. In August there was just a single export order, for a 2,000-ton *freighter, unprecedented for any* month for over a decade. Also pressing for compensation was heavy industrial machinery. Here, a 10% revaluation of the yen could cost £80 million in outstanding foreign currency contracts.

The main export competitor in this field is West Germany and the Japanese industry is in agonies over the eventual margin between the yen and the D-mark. A large part of the Japanese exports is to developing countries in Asia and the Middle East, for which the government gives tax reliefs. This scheme is currently under demolition as part of an *earlier plan to try to fend off* foreign pressure to revalue. The heavy machinery industry is now pressing for it to be retained—at least for heavy machinery exports.

The ratio of exports for heavy electrical machinery is 12%, in *Japan, against 39% for electrical* appliances. In this industry, Toshiba, one of the leaders, estimated *this week that the 10%* surcharge and flotation will cut exports of colour TV sets to the states by 20%, and black and white by half. Companies are already making economies, Hitachi is cutting expense accounts by 5%, and will not take *on its usual annual influx* of high school leavers next spring.

Some of the industry's leaders were making the usual hysterical noises which merely served to *damage Japan's bargaining power* in the forthcoming international monetary talks. For calmer heads are confident that the electrical appliance makers can absorb the



new barriers. Sony particularly feels that recent advances in technology will still make its products competitive, and the industry as a whole is now looking closely at Europe and Britain.

The powerful Ministry of International Trade and Industry (MITI) is urging all makers of consumer durables to investigate Europe, particularly the eastern bloc, and market research sur*veys* are under way. But the Japanese are saying very little about their plans for fear of reprisals, especially from the EEC.

The steel industry, on the other hand, seems to be turning towards People's China. Nippon Steel, the second largest in the world, has now stopped its toeing the Government line, and decided to accept "Chou's *Principles.*"

The Chinese premier told all Japanese companies last year that they could not trade either directly or through nominee companies with China unless they severed all ties with Taiwan, South Korea, and South Vietnam. *Nippon Steel was heavily involved* in Taiwan, and was banned from trading with Peking.

Now, the company has decided to renegotiate at this autumn's Canton fair. Japan's steel exports to China are already two million tons a year, and the market has become the second largest after the US, where voluntary export restrictions keep a limit of 5.75 *million tons a year.*

Textiles, also under a voluntary restriction, and chemicals, which suffer an American non-tariff barrier, are turning towards Peking *as a main export market* as well.

The car industry in Japan is fairly calm about the 10% surcharge (which will in fact only work out 6.5% for Japanese cars), but a revaluation of over 10% *would hit the increasing commitments makers* such as Toyota, Nissan and Honda have made in the US—Nissan now has a network of 920 dealers for instance.

Most makers have anticipated a dollar-yen crisis by converting outstanding payments from the US into yen. Honda did this to *the tune of £4,000,000 earlier this* year, and Nissan renegotiated contracts to include a price increase on revaluation. If the yen moves up by 10%, the car makers expect to lose only £1,500,000.

Really badly hit, of course, are the small companies in sundries *such as toys and tableware.* In the little town of Mibu, 50 miles north of Tokyo, nearly everyone depends on the toy export market. Mibu is known, in fact, as "Toy Town." More than 30 small companies ship 60% of their output to the US, and all will be badly hit by the 10% surcharge and any revaluation at all.

One of the toy makers in Mibu this week said: "I am afraid Mr Nixon has just put an end to my business. It is a blow I cannot recover from." He was one of the few businessmen in Japan this week who was *not exaggerating.*

High hopes on whisky in Canada

From HARLOW UNGER in Ottawa

THE CANADIAN Government last week moved unilaterally to protect herself against the *adverse effects of President* Nixon's new economic programme. In a measure that received overwhelming all-party parliamentary support, the Government set up an $80 million assistance fund to offset the effects of the 10% surcharge the US has imposed on imports.

Under *the surcharge offset* scheme, Canadian exporters who reduce export prices to absorb the 10% surcharge will be rebated two-thirds of that amount *by the Ottawa Government.* To be eligible for the rebate, however, companies must not only absorb the surcharge, but must also prove that the surcharge has already caused or will eventually cause "significant lay-offs" at a particular plant. In addition, *companies will have to show that* at least 20% of that plant's 1970 production involved exports that are now subject to the surcharge and that the company will maintain production and employment at a satisfactory level once the surcharge is rebated.

The surcharge offset scheme is the first in a series of measures *Ottawa is expected to announce* in the next few weeks and months—depending on how harsh the effects of the Nixon economic programme proves to be on the Canadian economy. At least one other measure will probably restrict or suspend all foreign borrowing in Canada.

Although some critics charged Ottawa with over-reacting, the Trudeau Government felt it had no choice but to react to what *it considered back-to-back insults* by the Nixon Administration. Not only did the Nixon Administration fail to consult with or warn her closest trading partner about the *new* economic programme, but it brusquely rebuffed the Canadian Government's plea *for an exemption from the 10%* surcharge

Apparently the Nixon Administration *had* second thoughts about the way Canada was treated, and *President Nixon announced he* would visit Canada within the next year.

Canadians generally feel they bear little responsibility for the economic crisis in which the US now finds herself. In addition, they regard as insulting Washington's habit of "exporting its laws north of the border." They see the Nixon economic programme as still another example of forcing Canadians to share the burden of *helping America solve* her current problems. These problems, say Canadians, were created almost entirely by American involvement in a war of which *most* Canadians and the Canadian Government thoroughly disapprove.

Nevertheless critics point out that, of all of America's trading

partners, Canada will suffer least from the Nixon economic programme and indeed may benefit. Canada now has a healthy $1 billion *surplus* in her trade with the US. Of the $10 billion-worth of exports shipped to America last year, only about 25% will be affected.

Primary materials, such as crude oil and metals, will be unaffected by the surcharge and these account for about half of all Canadian exports to America. Nor will the surcharge apply to

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General Appointments • Sales and Marketing Appointments • General Appointments

مكتبة الأسد

Is the private investor going to get it right this time?

Consider the facts

- The Stock Market is in a strong upward trend.
- The reflationary measures introduced by the Government will be good for company profits.
- If Britain joins the Common Market, investment opportunities could be outstanding.
- The recent cut in Bank Rate will reduce the rate for borrowing.
- Sterling is strong.

So is the private investor buying?

No.

Stock Exchange private client business is low and unit trust sales for the first seven months of this year at £113 million are the lowest since 1967.

What explains this extraordinary state of affairs?

Lack of cash? Hardly.

Over the same period more than £2,500 million was invested in Building Societies, National Savings Certificates and Premium Bonds.

Lack of confidence? It must be, but why?

Because stock market prices fluctuate, sometimes violently?

Because unit trust prices are only now getting back to the levels of the last stock market peak in 1969?

Because 5% after income tax looks a better bet?

But what about inflation?

Have fixed-interest investments kept ahead of inflation?

Sometimes, but never by much.

Have unit trusts?

Almost invariably over the long term; often significantly. Of course, in the short term an investment in a unit trust has often given a rough ride, particularly when it has been bought at the top of a stock market boom.

What happened to unitholders who bought at the top?

Take the example of Save and Prosper Investment-Trust Units. Those who bought at the top of the last bull market in February 1969 are still showing a loss.

But what happened to the other "unlucky" investors who bought at a previous market peak in October 1964?

£500 invested in I-TU in October 1964 had fallen by 23% by July of the following year. This fall was not recovered until May 1966.

But those who stayed in I-TU and re-invested all net income, today have an investment worth £910. £500 invested in a building society at the same time, with interest accumulated, would have grown to £677.

To keep pace with inflation £500 would need to have grown to £709 today.

What about those who bought on the way up?

The earlier you buy in a rising market, the more money you make over-all. An investment of £500 in I-TU in January, 1963—about the middle of that market rise—is now worth £1,160 with all net income re-invested.

So is the private investor going to get it right this time?

Is he going to hold off buying until the market has run out of steam? In which case he should still make money but it will take longer.

Or is he going to buy unit trusts now and get some extra growth for his money?

I-TU—for those who want to get it right

£500 invested in I-TU over *any* ten calendar-year period since 1945 would have grown to at least £1,170 with all net income re-invested and over the *best* period it would have grown to £4,500.

To invest in Save and Prosper Investment-Trust Units, fill in the coupon below and post it to us with your cheque.

For your guidance, on 9th September, 1971 the offer price of units was 27.7p each giving an estimated gross starting yield of £1.95% p.a.

The aim of I-TU is the long-term growth of capital and income through investment in the ordinary shares of about 130 leading investment companies.

Remember the price of units and the income from them can go down as well as up. You should regard your investment as a long term one.

The Save and Prosper Group was founded in 1934 and manages funds of £550 million for 700,000 people.

FURTHER DETAILS:

Management Charges. The only charges on units are a small initial fee and half yearly management fee. The initial charge is currently 5% of your investment, and is already included in the price of the units. The half yearly charge is currently just 0·10% of the value of your holding and is deducted from the trust's income, which is paid out on 31st May and 30th November. The next distribution will take place on 30th November, 1971.

Buying and Selling. You can buy units at any time direct from us or through a recognised agent to whom we will pay commission of 1¼%. Units are allocated at the offer price ruling on the day your order is received. We will not acknowledge receipt of your application but will despatch a certificate for the units within twenty-one days. You can sell your units back to us at any time for the full bid price ruling on the day your order is received. We will send you a cheque within a few days of receipt of your renounced certificate(s).

Trustee: Barclays Bank Trust Company Limited.

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APPLICATION FORM FOR A (BLOCK CAPITALS PLEASE)

Purchase of Investment-Trust Units

To: The Dealing Department, Save and Prosper Group Ltd., 4 Great St. Helens, London EC3P 3EP.
Telephone deals: 01-554 8899

I/We wish to purchase Investment-Trust Units to the value of £ ______ calculated at the offer price ruling on receipt of this application. A remittance is enclosed (payable to "Save and Prosper Group Limited").

FULL CHRISTIAN NAME(S) MR MRS MISS ______

SURNAME ______

ADDRESS ______

*I/We declare that I am/we are over 18 and am/are not resident outside the U.K. or Scheduled Territories and that I am/we are not acquiring the above units as the nominee(s) of any person(s) resident outside these territories.

SIGNATURE(S) ______

I/We should like my/our future distributions of income to be re-invested in further Investment-Trust Units. (tick here) R 4

**If you are unable to make this residential declaration, it should be deleted and the form lodged through your bank, stockbroker, solicitor or accountant.*

FOR OFFICE USE ONLY 129/150

I am interested in regular monthly investment.
Please send me details

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SAVE AND PROSPER GROUP

The vultures over the nursery floor

BY NICHOLAS FAITH

Who will bid for Hamley's toyshop?

WHEN THE shareholders of Lines Bros overruled their board last week and postponed the liquidation of the biggest toy company in Britain, they were merely adding further confusion to what could well turn out to be the most complicated liquidation-cum-company-auction in British business history.

The number of potential bids for one part or another of the Lines empire is nearly into three figures. Over 90 firms have their hats in the ring. But none of the suitors wants the lot. They all feel like the American food giant, General Mills: "We're very interested. I understand every toy maker in the world is interested. But we have not made a *bid.*

Lines was, and is, so widespread that the logical bidder would be a consortium or partnership; and there are dozens of putative combinations among the vultures hovering over the invalid on the nursery floor. But the normally friendly toy world is also a jealous one and none of these is near fruition. Even when or *if a stable parternship is formed, it* will have to cope with one major complication: £6 million out of the total £9.5 million in bank borrowings are secured, not on the parent group at all, but on the assets of two of the biggest British subsidaries—and the profitable and valuable European sales subsidiary has a further £2 million overdraft outstanding. So a *guarantor is needed for the £6* million before any consortium can hope to be in business.

Inevitably, the most likely outcome is a sale-by-auction. In that case, so the liquidator-to-be-in-a-fortnight, Paul Shewell of Cooper Bros, reckons, the British companies could fetch, as going concerns, three times the price (itself probably under £5 *million*) they are worth on a cold dead, asset basis. And even though the overseas subsidiaries should fetch at least £5 million net, there still would not be *much more than the £17½ million* needed to pay the creditors.

Yet speculators in Lines' preference and ordinary shares are not entirely dreaming of the impossible. For every part of the Lines empire has its attractions. *Even the hugely loss-making* (£190,000 in 1969) chain of Youngsters toy shops, now being *rapidly wound down from its* original 90 shops to well below the last published figure of 26, *is attractive to a thrusting chain* like the privately-owned Zodiac group, if only for its tax losses.

For Lines does not consist only of Dinky, Meccano and Triang: some of the most valuable plums are sales or retail businesses, or foreign subsidiaries. The site of Hamleys in London's Regent Street, is no longer worth much, after an unpublicised sale and *leaseback operation which raised* £800,000 a couple of years ago, but it made £200,000 profit in *1969.* And *toy selling is such* a seasonal business (40% in the six weeks before Christmas) that someone in the summer leisure business (Campari, Lillywhites, anyone in sports or camping) could provide Hamleys the shop with an all-year profit potential.

Even more intriguing is the possible future of the overseas interests. Jim Slater himself might not sniff at the Australian, New Zealand and South African companies; and Lesney would surely welcome the European distribution business, overdraft and all, *to take its Matchbox toys out* of the hands of agents, distributors and wholesalers.

But the real bidding could come over the three major British businesses, Triang Pedigree (dolls, prams, bicycles, Cumfifolda push-chairs) Rovex Triang (trains and motor racing kits), and Meccano Triang (Meccano and Dinky) not forgetting the *fast growing Arrow jigsaw* and games business. The subdivisions and permutations are endless. *Obviously* Tube Investments would be a bidder for the prams and bikes to put into its Raleigh Division's Nottingham factory. But any or all among Cowan de Groot, Airfix, Mettoy and three or four American companies would be intrigued by Rovex (if Airfix got it then it would have a monopoly of the British-made train business, which wouldn't suit the others), Dinky which now has the reputation of *the best-built of all the diecast* toys on the market) and so on.

The attraction of all the parts of the Lines empire make the group's fall look that much more surprising. In fact, for all the size of the possible deficit, it was a near-success. Lines was rescuable: *it was just that the timing* was wrong. As John le Neve Johnson, editor of Toys magazine *puts it, the new management* installed in the 18 months before the crash "were just a damn sight too late . . . 18 months earlier they could have pulled it round."

Confronted by the American invasion headed by Mattel, the *old Lines' management made two* classic mistakes. It diversified, and it did not tighten up on its own businesses. The formerly profitable Youngsters shops slid from bad to worse; and its venture out of toys into the Copymate copying business went unbelievably *wrong. Losses in 1969* were £200,000 on sales of £300,000. As for tightening up the business, *well this went against the grain* —as did any attempt to lead prices upwards. On the production side all was chaos until the ruthless shut down of factories in the last year. But it was in its dealings with the retail trade that Lines' problems resulted in the sheer lack of cash which brought on its downfall

The toy business has two major problems: it is widely seasonal, which gives everyone appalling liquidity problems if production is not to be confined to the last half of the year; and, in *Johnson's phrase, appalling to retailers* and manufacturers alike "everyone must have everything . . . *the trade is terrified of dropping* lines." There are, at the last count, 22 competitors in the Hot Wheels car business, and the urge to build or stock everything is endemic in the trade—there have been a disturbing number of closures of overstretched retailers recently.

The American invasion startlingly increased the cost of merely staying in the toy business. Mattel, with Rosebud dolls and, later, Hot Wheels, introduced the *industry to television advertising* on a big scale; it later went on to try to discipline retailers into selling all the year round. The strain this imposed on the industry was reinforced by the ECF (Extended Credit Facilities) habitually offered by manufacturers to retailers who could not be expected to pay for the year's supply of toys until the Christmas *rush was on and the cash was* flowing.

The Lines crisis came at an *appropriate time—at the time of* maximum liquidity strain in the heart of the summer when the toys had been flowing into the shops for some time, but the money had not really started to come in. The strain this year was worse because sales last Christ*mas were lower than anyone had* anticipated, stagnant after some fast growing years—and concentrated in on toys costin[g] than £1. So, in a trade [where] prices had, belatedly, ris[en] 15% last year, Lines' stati[stics] at home represented an [...] *decline in volume.*

The home-owned indus[try is] now scared that the dispo[sal of] the *Lines' assets will* [...] tighten the grip of Am[erican] companies. But none of [...] have made much money [...] diversification by taking [...] companies in a bad condi[tion] no longer a major con[...] fashion. It did not take much to lead the Americ[an-con]trolled Gallaher to aband[on its] attempt to take over Line[s...] *an injection of £5 milli[on...]* abandonment which must [have] been accelerated because L[...] *Gallaher's bankers, had ha[d ...]* of experience of dealing [with] troubled companies as b[...] to Rolls-Royce.

If it wants to save Lines [from] the Americans, logically [the] home trade should try to [...] guarantor for the £6 m[illion] owed the banks, which [...] easily be paid back by selli[ng] subsidiaries piecemeal.

But *inter-firm jealousy* [...] probably prevent that—i[...] *some firms are breathing* [...] *of relief that a major comp[...]* could be removed. Instea[d...] Lines collapse may show th[...] US toy invasion is already [...] its high water mark. If s[o...] British companies can he[...] double sigh of relief. A [...] domestic competitor will [...] *been removed—and* a [...] overseas threat lifted bef[ore it] destroyed the entire indus[try].

Backing...for the carpet backing man

BY GWEN NUTTALL

Portrait of a genius (Bill Wright) at work

YOU could say that Dr Bill Wright was born under a lucky star. After all, it is not every entrepreneur, however hustling, *who attracts a £4 million* backing from one of the top firms in his industry, even before he asks for it—especially when, as whiz kids go these days, he is getting a bit long in the tooth at 36. But this Scots-born chemical engineer who found Armstrong Cork *knocking at his door* two years ago has already proved that he has more than luck. In the first *year since his Wright Industries* made a frontal assault on the £40 million contract carpet market (the office and school belt), he has sold one million square yards, or 5% of a market notoriously difficult to break into. And last week at *Harrogate trade show he* introduced a new technique aimed at taking tufted carpeting even further from its old cheap-and-nasty image.

It is a method of cutting the cost and giving greater wearability by altering the backing. Hitherto, about 18 ounces of latex has been needed to back one yard of carpeting. Wright has got the *amount of gunk down to four* ounces per square yard, saving 5p and producing a stronger carpet with longer life.

This is a significant breakthrough for the tufted industry. It also demonstrates the appeal Wright Industries have for Arm*strong cork.* "Money was never a problem when we thought about moving into the British carpet markets," says John Wolstenholme, general manager of Arm*strong's flooring division.*

"What we were short of was men. Too many of our key personnel were tied up in North America for us to contemplate starting from scratch ourselves. And we could not find any company with the management to keep pace with the technological change until we found Wright." he said.

Armstrong, known here for its superior vinyl floor coverings, is one of the world's top ten carpet manufacturers. Its U.K. turnover is £20 million, of which the flooring division accounts for half, with roughly the same split of its £1 million profit. That must make *it the most profitable company* in the business.

Armstrong decided two years ago that it was time to make use of its carpet expertise in the UK. "We went to the fibre manufacturers and said: 'All right boys, it's your birthday. We want to go into carpets, all we need is someone to make the stuff for us," said Wolstenholme.

"We found they were all in touch with this mysterious Bill Wright." Having worked at Du Pont on the Antron development, a second generation nylon which does not show dirt as easily as the original variety, Wright had been sent to Europe to establish the *possibility of selling it on* this side of the Atlantic. He quickly reached the conclusion that the prime requirement was a willing user rather than an advertising campaign and offered to set himself up as the first manufacturer. He was still collecting his man*agement* team at Newry, Northern Ireland when Armstrong found him.

It was the quality of this team which made the Americans happy to invest between £3 million and £4 million, of which £1,250,000 has gone on the machinery for which Wright scoured Europe to build a dream plant. "At that time, nobody had an integrated *testing plant* and *expertise* was scattered among several firms. I found out who were considered *the best men and went straight* for them," he said.

With this expertise, he has achieved a good quality, high performance carpet. Next year he plans to turn out some 2.5 million yards worth £10 million to Armstrong Cork.

Are you afraid to hire epileptics?

BY BRYAN SILCOCK

THERE are more myths associated with epilepsy than almost *any other human ailment. So the* six in 1,000 members of the population who suffer from it are at a decided disadvantage when trying to get a job—even when their illness can be controlled.

Epileptic fits can be completely prevented with drugs in about *50% of cases, and their frequency* reduced in another 25%, yet traditional attitudes are so firmly entrenched that many epileptics capable of leading perfectly normal lives find themselves treated almost as outcasts.

Some employers are prepared *to find epileptics positions* where they will not be in danger even if they do have a fit. But often epileptics are forced to conceal their condition as the only way of getting employment. If they have a fit and get found out they may be unlucky and get fired on the spot. *Or they may be lucky,* like one employee of the Ford Motor Company in the United States whose workmates pushed him out of-sight under the production line when he had a fit so that the management would not know: a rough but matter-of-fact solution *to his problem for which he was* probably very grateful.

A more sophisticated approach is being tried by Dr Harry Sands, programme adviser to the Epilepsy Foundation of America.

He emphasised how difficult it is to change people's attitudes to employing epileptics in a report at the European Symposiu[m on] Epilepsy in Amsterdam last [...]

The study was based on [...] cities in Pennsylvania—Re[ading] and Lancaster—chosen for [their] *general similarity. It started* [with] a series of interviews with a [cross] section of executives in [...] manufacturing companies re[spon]sible for hiring people.

Sixty per cent turned o[ut to] have unfavourable atti[tudes] towards hiring epileptics, although an overwhel[ming] majority of those who [had] employed epileptics thought [it] *had worked out well, 70%* [were] disinclined to hire any more.

In London last week Dr S[...] expressed no surprise at [the] result of the experiment. [...] in Britain attitudes [are] becoming more enlightened, [and] pressure from organisations [like] *the British Epilepsy Associ[ation]* is gradually improving the l[ot of] the epileptic. Since last yea[r, for] example, epileptics who hav[e not] had a fit for three years [have] been eligible for driving lic[ences] in Britain (though they can [...] have trouble getting insura[nce]).

Many countries refuse to a[ccept] epileptics as immigrants. No[t long] ago a family of five were re[fused] *permission to emigrate to A[ustra]*lia because one of the chi[ldren] suffered from *petit mal,* a [...] form of epilepsy without [...] fits at all. And though [...] noticeably short-lived g[...] epileptics are typically quote[d] insurance rates three times h[igher] than normal.

Prufrock

Sticking a label on our children

THE GARMENT label in your Burton suit or on your Marks & Spencer woolly is a small fragment in the total paraphernalia of creating national brand names. But the garment label in its most specialised application hasn't anything to do with brand names at all. It's just a small personalised strip of cloth which establishes whose navy blue knickers belong to whom when Georgina's and Joanna's identical pairs get mixed up.

It then becomes an unmistak- ıble woven reference to pro- ɔrietorship which is of incalcul- ıble assistance to Mums and Matrons alike, especially about his time of the month when the iew school year starts. It has ɔeen ever since the turn of the :entury, when J and J Cash, mallwares weavers of Coventry, ·ommenced a service which until ı couple of years ago was quite ınique and exceptional.

Cash's woven name tapes have ɩecome part of the British way ɩf marking. They are the stuff of choolday memories and have lways had a singular appeal to hose in charge of seats of learn- ng where one pair of navy blues ook very much like another. You ould fairly say that if Cash's voven name tapes were to dis- ppear overnight, the confusion n the dorm next morning would e impossible to contemplate. Not that they are confined to use n posh public schools like Roe- ean, which insists in its outfit st that all articles should be lainly marked with them. There re young, new comprehensive chools which think they are a plendid way of pupil apparel potting too. Moreover, hospitals nd hotels like them for their nen, and Boy Scouts and Girl Guides wear troop shoulder ashes woven by Cash's.

Despite advances in label tech- ology—printed, adhesive and roned on—Cash's remain un- haken. Other labels may come nd go, but Cash's woven ones eem to go on for ever. "They vill outlive a garment any day," ays Cash's managing director, ames Graham. He is a descend- nt of the original Quaker family hat started the business in 1846.

Each year Cash's weaves)0,000 separate names in batches f three dozen upwards. Each ear thousands of mothers pop nto their local drapers and pay 5p for an order of 36 woven ames in red, blue, green or lack, on white, navy or black ape, the colours guaranteed fast) washing, and in a variety of ettering styles from gothic to oman.

It's a complicated and expen- ive operation to organise. Not o complicated though to pre- ent a firm called Wovina in Bodmin from challenging Cash's or a share of the business. Wovina gives delivery in 10 to 4 days and through the drapers harges 63p for a batch of six ozen names. The firm was started by Roy Flowerdew who used to be a school outfitter in Barnet and says he was fed up with the service he got from Cash's.

Peak of the season is July, August and September, when 200 out of Cash's total workforce of 750 (it also makes ribbons, trimmings, and labels for the garment trade) are on woven names.

At any one time there are about 80,000 names in the pipeline, which is why Cash's make a great point about not giving priority to any orders.

"Daren't do it," says Graham. Although he allows there are one or two people's orders which may go through fractionally faster. Without actually mentioning woven names I merely draw attention to the fact that J. and J. Cash has the Royal Warrant.

Cash's output of commercial woven labels is enormous, 25,000 gross a week from its Coventry factories alone. It also has plants in the United States, Australia and Canada, and claims to be the largest label-weaving company in the world. As such it is the big boy in a fascinating and highly specialised industry. In the UK there are about 10 label weavers, ranging in size from J. and J. Cash to a small firm like Hanns Calmon of Keighley, with about 60 employees.

The label weavers' fortunes are, of course, closely linked with the fortunes of the textile trade, and as everyone knows this has been in the doldrums for some time. Yet a firm like Calmon, by dint of developing its export business, has just built a new weaving factory, is working three shifts round the clock and on Saturday mornings too.

It is an acutely competitive business. Just 1p on a gross of labels can make the difference between winning or losing a contract from customers who range from the big tailoring chains like Burtons and John Collier to the makers of branded household linens. There's plenty of competition from the Continent and now the Japanese have wilily got on to label weaving and have pushed up their label exports to us from £28,000 to £58,000, and overseas label weavers are cutting British prices by 40% and more.

But despite the downturn on the domestic front, the label weavers are reasonably cheerful. You see, these days people do demand a nice label in their things. It's a source of comfort to them, sometimes pride, or an avenue for complaint. For the garment makers it is an essential device in sustaining sales.

Virtually everything you wear has its stitched in label, save perhaps for socks. If you doubt me, divest yourself of your garments one by one and you'll see what I mean. But be circumspect. I do not wish to be the cause of any action which would be an affront, to Church, State or any little Lolita with Cash's woven name tapes in her pants.

The great dictaters

OSSES can be terrible dictaters.) you know they sometimes eat dictating machines as ough they are warm, rounded ıman secretaries? A secretary ll make allowances when her ss dictates to her with his head the waste-paper basket, but a achine will have no truck with ch eccentricity.

Conversely, some bosses treat cretaries like machines, imagin- g that by just pressing a button ey can turn them on. Eh? ell, you see, no one has ever thered to teach bosses the art dictation—at least until Eva man loomed up with her Evro aining Methods 18 months ago. e is a cheerful lady from West ickham in Kent, with a 10- onth-old grandson and a train- g course which costs £75 a day a group, and which has man- ement in firms like Kodak, iths Industries, Glaxo, Fisons armaceuticals queueing up to ticipate.

By the time Eva has been ough a firm she is the friend every girl in the typing pool. ı will see why from one short passage in her forthcoming book, which is being published by Gower Press, entitled The Art of Dictation. Pity the audio typist who has to sort out what is relevant from this lot:

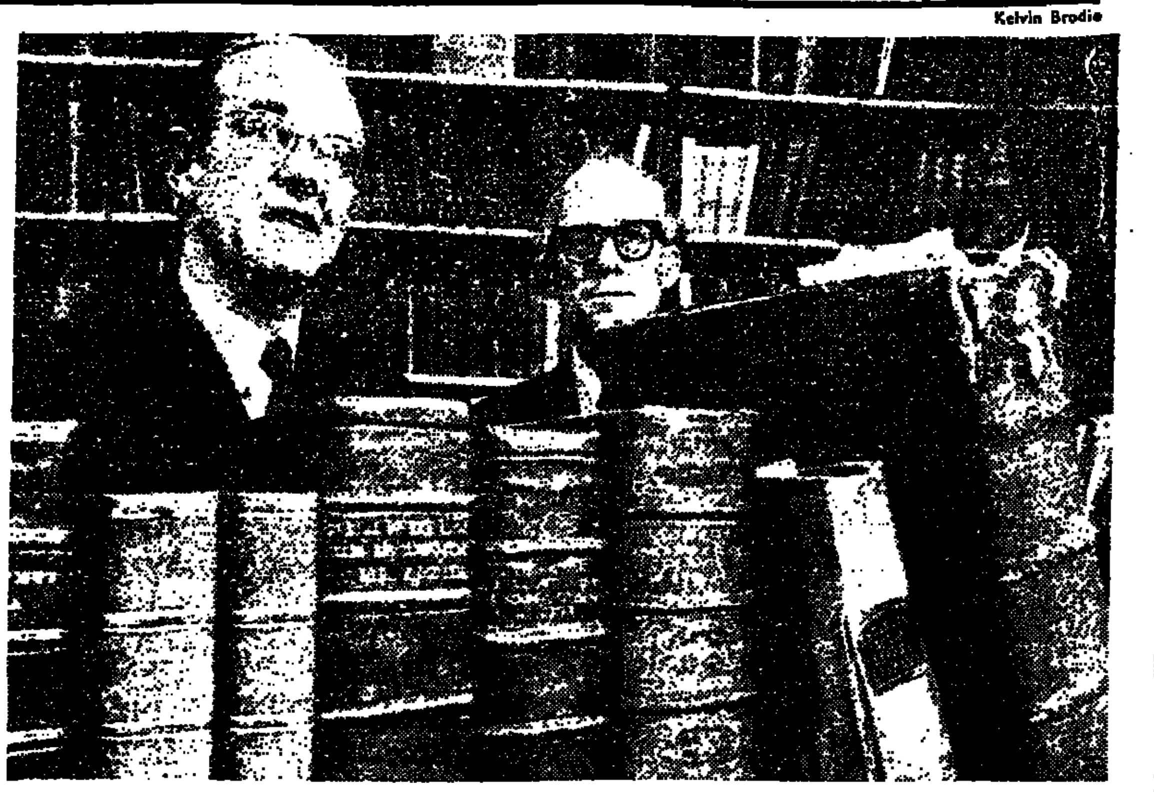
"Good morning. Please take a letter to Mr (bus passes by)—close that window Miss Hopkins. Dear Sir, Thank you for your letter of the (rustle, rustle) January—paragraph—I am sorry that (bang) do you have to make so much noise?—Where was I? Oh yes (suck, suck) the matter is receiving—come in Mr Smith, I'm just finishing this dictation, take a pew old man—our consideration—yes, two sugars, Miss Hopkins. . . ."

The funny thing is that managing directors don't realise they are perpetrating atrocities like this and, having sanctioned the course in the first place, are then more or less honour bound to set an example and participate. They then find themselves doing dictation exercises under the eagle ear of Eva. It must be a very chastening experience, Do you know she won't even let you suck a Polo mint while you are dictating?

Michael Ward

James Graham, naming his customers

Kelvin Brodie



Dring and Baines: all the books are in the black

New men, old books

SOMETHING RATHER unexpected has happened to Bernard Quaritch, one of the long-established and illustrious names among London's antiquarian and rare booksellers. It has been taken over. No, on second thoughts, acquired might be a better word, one which better suits the Quaritch ethos.

Quaritch is much as you would expect to find a firm which has been in business since 1847 and which has numbered Gladstone, Disraeli and Prince Louis Bonaparte among its clients—hushed, a little old-fashioned and inhabited by courteous and engaging scholarly gents who keep their greatest treasures in a Milners Patent Fire Resisting Safe dating from the turn of the century, and who all take tea together at 4 o'clock every afternoon in the managing director's office to discuss books and business.

Actually it is hard to think of it as a place of business, but more of a market place for book collectors' passions and bibliophile enthusiasms. They have never paid too much heed to discounted cash flow or return on capital employed at Quaritch's, simply preferring to get their satisfactions from having, handling and selling beautiful books well.

Ted Dring, a Quaritch director, who has been there 46 years, says they are really plain old dealers at heart. "We have a sense of what is going, but as for planned marketing. . . ." And as for all those accountants who came marching in scratching about among the old leather-bound volumes and illuminated books, asking all sorts of dry, old accountant-type questions, well, Ted just looked at them with wide-open eyes and said he hadn't the faintest. He has always been a jam-jar man himself—one for the rent, one for tax, one for dividends and the rest for buying books and expansion.

This caused Jocelyn Baines, who unlike Ted has only been there a week, to mildly protest and say Ted was doing himself an injustice. Baines, who used to run Thomas Nelson the publishers, and who at one time was in the rare book trade, is the new managing director. And he's on the board of Antiquarian Securities, which has bought Quaritch on a book value, if you will pardon the phrase, of £320,000.

Antiquarian Securities is a new company formed specifically to buy antiquarian businesses on the grounds that they provide a good home for hard cash in these inflationary times. The setting up of Antiquarian Securities and the purchase of Quaritch—its first acquisition—was the work of CW Capital, a new merchant bank set up 18 months ago by George Warburg, son of Sir Siegmund, who left the family bank to start on his own, and Milo Cripps, nephew of the late Sir Stafford, who also used to be in Warburgs.

For Quaritch, the offer came out of the blue. Or, more accurately, out of the wet. Because of the postal strike, Baines drove one winter's afternoon to the chairman's home to deliver the offer letter personally. He was tickled because, although people had made noises about buying them before, no one had ever arrived carrying the offer in his hand.

You can bet bankers wouldn't be in rare books if there were not good money in them. Their value has jumped substantially over the past few years and now, instead of individual private collectors, it is libraries and universities which are the big buyers. The real selling is done through the catalogue. Thus Quaritch's premises are not exactly overcrowded with personal shoppers. "Though sometimes it can get very busy, with as many as half a dozen people in all at once," says Dring.

Philip Clarke

Is coal making its comeback? 59

YOU AND THE MONEY REVOLUTION

MORE competition is the keynote of the Bank of England's new plan for British banking. The reforms, to be put into effect from Thursday, amount to the most radical reshaping of Britain's banking and finance control system since before the war. There have been many changes since the war; now practically everything is being changed at once.

Out goes the clearing banks' interest rate cartel, out goes day-to-day smoothing support for the gilt-edged market by the Bank of England, and out go "ceilings" on advances—instead all banks and finance houses in Britain will be subject to the same minimum reserve requirements, and will compete for business on much the same terms, subject to differences in structure (such as having branches or not) and past *customer relationships.*

The reform is more basic than just an introduction of a whiff of competition—so much so that in a number of respects, the experts at the Bank and the Treasury are not sure exactly where it will lead.

If the idea were merely to introduce a bit more competition, the ceilings on advances could have been changed from absolutes to ratios (percentages of deposits): in which case the more aggressive and profit-oriented banks could have expanded their lending by attracting more deposits. This was considered, and rejected, even before the present Government took office. Ever since the Radcliffe report appeared in 1959, there have been rumblings from many directions, to the effect that the system was not working well. The more research was done, the more *the Treasury and even in time* the Bank became persuaded that a fundamental reform was due.

Also considered were proposals to go the whole hog, and adopt the American system where the banks have a minimum ratio of cash (no requirements for holdings of Treasury bills and so on), against which the central bank operates its open market operations, like a lever against a fulcrum. This was rejected too, *though the authorities still claim* to be keeping an open mind on the subject, depending on how the new system works in practice (in other words, the new system is not meant to be set irrevocably for the next generation or more).

The consequences to Britain's economy

The Bank of England has now put the finishing touches to its new plan for the monetary system. It is designed to sweep away cartels and crude quantity controls, replace them with a simple set of monetary checks, and restore free competition to banking. Business News analyses the economic, business, investment and personal consequences of this money revolution.

The reason why the cash-ratio system was rejected, in favour of one in which the banks required minimum reserves are in terms of bills, mainly the Treasury ones (or *call loans* largely secured against bills), is twofold: it eases the problem of Government debt finance by ensuring a large and stable demand for Treasury bills (and/or comparable bills of local authorities), and gives the Government slightly more control over market rates of interest.

The Bank of England issues and discounts bills at rates pretty much of its own choosing, whereas under the American system, commercial banks, if pressed for funds to make advances, will sell bills at knockdown prices, pushing bill rates up, and making short rates generally more volatile. If the American system were adopted, the role of Bank Rate would have to be fundamentally reconsidered: under the new rules, Bank Rate will perform exactly the same role as before.

The Bank still does not appear to have reached any clear conclusions about open market operations. It is not going to be in the market regularly steadying prices (and thereby pumping more money into the banking system, when *gilt-edged prices* are falling) but it reserves the right to intervene at times and *terms of its own choosing. In* default of any fundamental change in philosophy about interest rates at the Treasury (let alone the Bank) it seems to me that such intervention as does take place will aim at stabilising stock prices and yields, rather than the opposite.

It follows that special deposits *will have to be used with even* greater vigour than before. In conditions such as 1968, if ceiling *controls* were not used, special deposits of at least an extra 3% or 4% would be needed. Even so, if the banks are free to lend more money even in a roaring boom, they may bid rates up to get it—perhaps from abroad. The authorities are reserving the right to impose much stiffer special deposits on foreign-owned *deposits,* especially as these would represent new money injected into the reserve base of the banks.

Much as the monetary authorities in Britain like *to keep close tab on interest* rates, the new system will deprive the authorities of some of their existing control over these (especially at the short end) by cutting the links between Bank Rate and the clear*ing banks' loan rates and sav*ings deposit rates. The Bank plays down the connection between these rates and building society rates, for example. It went out of its way to state, in the explanatory memo it *issued last week,* that "the authorities see no need, at least in present circumstances, to seek to limit the terms offered by the banks for deposits to protect the position of the savings banks and building societies." *Even so, some bank*ing experts foresee the need for a Regulation Q (which limits the rates payable on bank deposits in the USA).

During the past decade there has been a secular trend in *favour of building societies* From 1960 to 1968 gross personal wealth rose by 60%, bank deposits by only 36% but building society deposits leapt by 133%. Part of this must have been because of lack of competition from the banks. *There must now be a* danger of this trend being halted, if not reversed and building societies may be loath to cut their interest rates too far now.

The clearing banks' existing savings deposits are unlikely to be affected. But some bank, probably a foreign one, is bound to introduce a new type of deposit *aimed at the hundreds of millions* of pounds that have poured into the building societies in the past year or so.

Reading from American experience, a money squeeze causes competing banks to try to win deposits from near-banks, such as building societies. Regulation Q was introduced to protect the *American equivalent of building* societies. Officials are privately far from certain that the same could happen here.

As is traditional with the Bank, none of these sweeping reforms will entail new legislation. It is all — *incredibly* — arranged and agreed between gentlemen, and expected to stay that way.

Malcolm Crawford

Banks

- **Ceilings on all bank and HP lending are abolished from Thursday**
- **The cartel between banks to control interest rates on deposits and minimum overdraft rates are abolished. Each bank must fix its own base rate**
- **Cash and liquidity ratios go. Instead 12½% of liabilities must be kept in certain reserve assets. These are deposits at the Bank of England, Treasury Bills, fine trade *bills up to 2%, gilt-edged* with less than a year to redemption, and money at call with the discount market and allied borrowers, but not cash in tills or money lent overnight in the inter-bank market**
- **The new reserve asset ratios apply to all foreign, overseas and merchant banks as well as the clearing banks.**

Finance houses

- ***Finance houses must keep a* reserve assets ratio of 10% but have one year to adjust**
- **All controls on HP terms are abolished.**

Discount houses

- **Must keep 50% of assets in public sector debt with less than five years to run**
- **Must compete with each other in borrowing money from banks overnight.**

Gilt edged

- **Whatever the price, the Bank of England is no longer an automatic buyer of stocks with more than one year to run. The *Bank will give less direction and* let prices find their own level.**

Controls

- **The Bank of England can levy special deposits from all banks *and finance houses at variable* levels. It will also use interest rates more.**

Change over

- **Existing special deposits are *returned to clearing banks but* will apply for £750 million of new two, three and six-year gilt-edged stocks to mop up some excess liquidity.**

The way it will shake up bankers

THE only thing that is certain about the new era of banking *competition is that agents of the* top half dozen American banks in London will soon be knocking at the boardroom doors of Britain's top thousand companies willing to pay good money for deposits that have traditionally gone *to Barclays, Lloyds, National Westminster and Midland.*

For these American banks *show more clearly than any others* perhaps the distorting effects of layer upon layer of restrictions that have mangled the free market for money out of all recognition—and the new freedom gained from throwing them away.

Giant American banks like the First National City or Chase Manhattan were *part of the* fringe that sucked away more and more money from the clearing banks, because these sleeping British giants did not, under their cartel arrangements, offer more than 2% under bank rate or compete on price for deposits between themselves. But any ambitions the newcomers may have had to build up an ordinary lending business were nipped in the bud by the mode of money regulation that went with the cartel-ceilings on lending.

If you started with low sterling lending, you stayed that way, *unless like the second mortgage* firms, you were considered so insignificant as to escape the net altogether.

If they could not lend to customers, the Americans had to use these funds profitably, so they were put back into secondary markets that grew up to meet these ceiling frustrations—prin*cipally the local authority market* and interbank loans.

Now all this will change. They *can lend as much as they can borrow* provided 12½% *goes into* reserve assets, which significantly do not include money in the interbank markets. So there will be real incentives now for the American banks to rush out and get deposits American banks in London have grown to dominate the eurodollar markets. In the *past six years while their sterling* deposits grew 4½ times over to £1,026 million in March, foreign *currency deposits mushroomed* fifteenfold to more than £10,500 million.

Naturally, the Bank of England did not foment its revolution for the sake of American banks, but they do illustrate the main de*velopments I expect to see:*

- A better deal for those with money to lend as competition for our deposit grows.
- Triumph for muscle and brain as the shackled bank giants either break out aggressively or fall by the wayside.
- Problems ahead for those from finance houses to building societies who have prospered from the banks' past inability to lend and to draw *in money; they will need* to find new outlets for their skills.
- *Bank loans* possibly more costly, but much freer. This means easier times for people who have been forced to borrow at high rates from second mortgage companies and check traders.
- One big money pool for borrowing and lending (and for the big financial institutions), with much more uniformity of interest rates.

At the centre of the revolution are the big four clearing banks. In two weeks' time they and the Scottish banks will find them*selves with upwards of £300 mil*lion extra to lend and suddenly having to make their own decisions on the rates of interest at which they will lend it. Even though margins have been trimmed by the fall in interest rates—they pay nothing for half their deposits—the proceeds look juicy.

Until that money is lent we are unlikely to see their individual new base rates differ widely from Bank Rate's 5%; *nor are they* eager to pay more for deposits. This may not last. The smallest of the big groups, the National & Commercial Group has already announced a "save now and borrow double later" scheme through its Royal Bank of Scotland subsidiary and others could well follow. But more typical is *the attitude of Lloyds' Michael* Wilson that for the moment "I shall be happy to sit back and let them do it."

The big banks are after all already bidding for deposits at *market rates* through their finance subsidiaries—if you have more than £25,000 to lend. But the rush for smaller deposits will come, even if it is delayed a few months. The banks will then either find their margins falling *sharply* and *their loss-making* branches (possibly 40-50% of the total) a real burden or, more likely, the cost of loans will rise.

This is likely to take the form of putting more customers into fixed loans as opposed to overdrafts, either as personal loans or separate loan accounts like Lloyds at 4% over bank—or in future, base—rate. Watch out too for extra fees.

If they do not lose their nerve, *clearing banks should* end up winners, far less dependent on high bank rate for their profits, and their shares still look good for investors—National Westminster and Lloyds in the short-term, Barclays and Midlands with more long-term *potential,* once they have got over their computer problems.

But even if bank loans are more expensive, better availability and the general Crowther-inspired *swing* to personal loans rather than loans secured by goods will hurt fringe lenders like check-traders and second mortgage men and more especially the finance houses. The unhappy houses, especially *the independents from* UDT *and* Mercantile Credit downwards also suffer most from the new reserve ratio system. Even though they get special treatment, they will have to switch a significant proportion of their funds into profitless assets, given that they are paying market rates for money. The impact is bad enough to persuade UDT to forego the concessions and try to become legally a bank.

While hire purchase will be with us for many decades, the traditional large-scale finance house is likely to disappear completely. Instead we shall probably see a system much as in South Africa, where "credit banks" operate a range of services similar to conventional banks or Trustee Savings Banks except that they have no current accounts. It's an exciting long-term potential. In the interim, their shares must suffer, but do not knock them too hard, since the HP companies are currently getting a double boost to business from the end of ceiling and terms controls.

The banking departments of merchant banks suffer in three ways by coming up against the giants in competition for deposits and provision of loans. In some *cases, probably Hill Samuel for* instance, the need to top up reserve assets by putting more money with the discount houses. But this sort of setback is nothing new. The merchant bankers have already moved smartly into *the Euro-loan business.*

They will now no doubt concentrate more and more on fee-earning and exploiting the opportunities thrown up. As banks switch over from overdrafts to fixed loans they will be keen to find ways of matching these commitments—especially if it helps avoid unseemly competition for deposits.

The most obvious providers of these new instruments would be discount houses. Whether all will rise to the challenge, though, is more problematical. For if competition offers problems and opportunities *for all,* it can make or bust a discount house. Traditionally these middle men have made their money through their special place between the Bank of England and the banks; they have borrowed money short—partly at uncommercially cheap rates, from the banks and invested it in Treasury bills. In this trade *they will from now on earn far* lower profit margins but with rather more money. Admittedly the banks will be taking a huge chunk of cash from them next week to pay for the new gilt-edged stocks, but large extra funds from those making up their reserve assets should eventually more than make up the difference.

They will have to suffer more risks dealing in gilt-edged than before, but in the newer sides of their business they can gain almost total control of the money market. Because of the kind of reserve assets that are allowed, it will become much more attractive to banks to put their funds through the discount market than to lend direct from bank to bank, and the sterling certificate of deposit which they have developed are the ideal negotiable instruments to be developed for the one-two year money which will now be needed much more to oil the wheels.

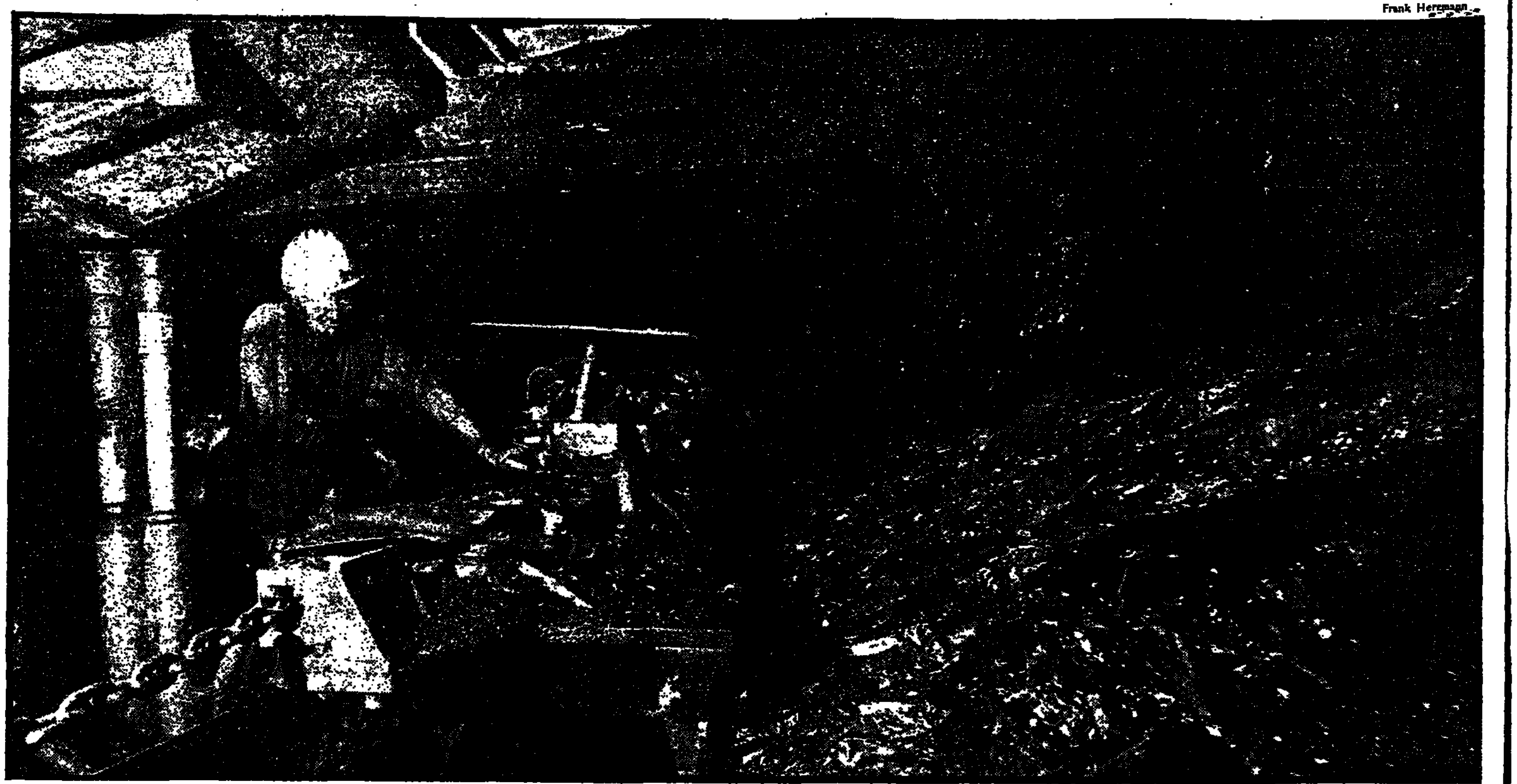
Forward-looking houses like Clive could be among the best speculations for investors. Big backers like Rothschilds have already stepped in eager to provide the necessary new funds.

Graham Searjeant

Is coal making its comeback?

At this moment, only one major industry in Britain has more jobs vacant than men to fill them—coal. After years of surplus and loss, the National Coal Board's black diamonds are in short supply. Morale, among men and management, is at a post-war peak. There is even enthusiastic talk of sinking new pits. Is coal on the brink of a new renaissance? KEITH RICHARDSON, our Industrial Editor, reports.

Frank Herrmann



ON TUESDAY the leaders of the miners' union are due to meet National Coal Board chairman Derek Ezra to present their 1971 pay claim. The claim could add £120 million a year to the costs of an industry which last year—its best year since 1963—cleared a meagre £500,000 surplus after paying its interest charges.

It looks like being a hard fight. The board can hardly afford to pay up: but nor can it ignore the plain fact that miners' wages have not done as well as other industries. Work in the pits is hard, dirty and difficult to supervise, and there is no longer the pull of incentive payments to force the output figures up. Either the board pitches wages at a level which will attract the high quality labour it needs, or all its grand hopes of rising productivity and a profitable future will be at risk.

Last week I visited pits in the North of England and crawled along cramped coal faces under low crumbling roofs in conditions that gave the lie to one old miner's proud boast that "all the hard work has been taken out of mining nowadays." There is plenty of enthusiasm in the industry, boosted by its better profit record. But the economic situation is changing (and often deteriorating) so fast that one must ask: will enthusiasm be enough?

One man whose career perfectly illustrates the problems is George Hayes who has just handed over the job of running a pit at Kellingley in the West Riding. It was the latest new mine to be sunk in Britain, and yet it began its productive life looking like a financial disaster.

It was planned as a showpiece in the 1950s, went into production in 1965, quickly came up to its planned output of a million tons a year and yet never even managed to pay the interest charges on its £16 million capital cost. In 1969 it turned in an operating loss.

But there was always plenty of coal: what Hayes had to do was to react to operating conditions that were more difficult than expected, and to a changing economic background. The plan to use 3,000 men scattered among 10 different faces was recast to 1,500 men on five faces. Standard machinery was not coping with the terrific pressures that make roofs collapse and floors buckle 2,300ft below the ground. But with beefed-up equipment, Hayes broke through last year to 1¼ million tons, which yielded him £1 million clear profit after interest.

End of the Robens era in the pits

Now the job of moving coal from the face is being steadily handed over to big conveyor belts instead of the underground railways that were originally installed, and when this is done, Kellingley will be up to two million tons with only 1,600 men and £2 million profit—a pit that anyone would gladly buy shares in.

Unfortunately, not every pit is capable of changing on this scale, and yet change is what the industry needs. The Robens achievement was to solve coal's political problems and take it safely through an era dominated by the loss of 300,000 miners, 400 pits and 60 million tons a year of output.

Now Derek Ezra has inherited an industry which is in much better balance. He hopes to run it as a successful business, standing on its own feet, free from all the emotionalism which confused the last 10 years. He even sees the possibility of reaching a completely self-financing status, and never having to ask Whitehall for money again. Certainly, as a well-tried marketing man Ezra can be relied on to sell every ton of coal that is saleable. His problem is that he has to sell into markets where the competition from oil, natural gas and nuclear power—even after their own setbacks—is still very tough. He can only win business if his costs per unit of heat are lower than all three, but already the price of coal is close to uncompetitive in many markets.

With or without the CBI price freeze, the scope for raising the price of coal is virtually nil. The wage increases that are bound to come can only be paid for out of better efficiency and greater productivity, or else the industry will lose sales at an appalling rate. The fight to hold production costs—this is what the Coal Board's next 10 years are going to be about.

A visit to the pits quickly shows that, while the basic job of mechanisation that brought the massive productivity increases of the Robens period has now been substantially completed, there is plenty of room for further improvement. The drive for productivity has even been overdone, since it has made some managers concentrate only on their best production zones. But proper financial analysis shows that if a mine is to be kept working at all, its profit will be highest if its total tonnage is kept at a maximum, so that it never stops winding coal up the shaft in the biggest buckets it can cope with. Going for this maximum is worth while even if it means spending more money at the coal-face.

Similarly the drive for productivity has led to short-sighted economies. Some managers have not done enough development work, and when they run into trouble on their current production the results are disastrous. One pit was roaring ahead "with money coming out of their ears" until the rich seam it was working came to an end. It took months to change what it was doing: last year its output fell from 950,000 tons to 700,000, its productivity fell from eight tons a manshift to six tons, and this was enough to push its average costs up from £4.60 a ton to a hopelessly uneconomic £6.60.

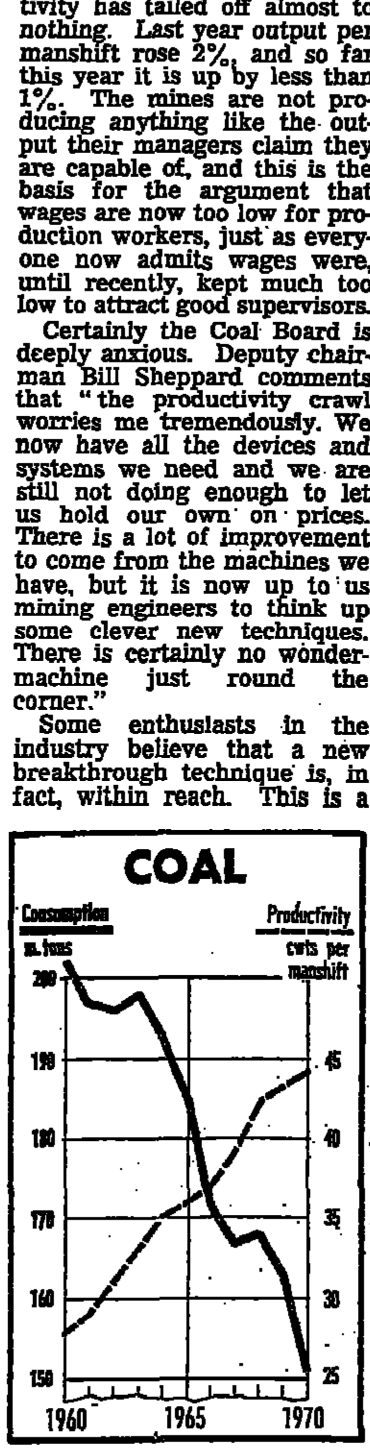
So now, with colliery managers more closely pinned down to financial results than many factory managers are, the emphasis is on flexibility and spare capacity. One spare coal face ties up £250,000-worth of machinery, but it is worth having to ensure that trouble on another face does not stop the whole pit. And what is painfully clear is that modern methods are still all too vulnerable to trouble.

The coal face I crawled along last week was 44 inches high and 240 yards long: trouble at any point stopped the entire 240 yards, and anyone needed to sort the problem out has to crawl along that same face dragging his spare equipment behind him. There are no end of problems—coal unexpectedly gives way to rock, roofs keep caving in (leaving me one painful bruise in the small of my back), water leaks into the face. There are industrial disputes, although not excessively many. There is the more important problem of absenteeism: on the average day one man in five fails to turn up for work and this can violently disrupt the effort of a carefully co-ordinated mining team.

Add all these problems together, all made worse by the complexity of modern mining, and they give the reasons, or excuses, why, in spite of all the confidence, the long upward surge in productivity has tailed off almost to nothing. Last year output per manshift rose 2%, and so far this year it is up by less than 1%. The mines are not producing anything like the output their managers claim they are capable of, and this is the basis for the argument that wages are now too low for production workers, just as everyone now admits wages were, until recently, kept much too low to attract good supervisors.

Certainly the Coal Board is deeply anxious. Deputy chairman Bill Sheppard comments that "the productivity crawl worries me tremendously. We now have all the devices and systems we need and we are still not doing enough to let us hold our own on prices. There is a lot of improvement to come from the machines we have, but it is now up to us mining engineers to think up some clever new techniques. There is certainly no wonder-machine just round the corner."

Some enthusiasts in the industry believe that a new breakthrough technique is, in fact, within reach. This is a system called "retreat mining." The traditional system is one of developing a coal face while it is actually producing coal, so that the men who drive the access tunnels and roadways keep tripping up over the men moving the coal, with both operations held down to the pace of the slowest.



Retreat mining means doing all the development work necessary to give access to a face first, and then leaving it clear for the mining team to do nothing but move the coal. The pride of the Barnsley area is now a sensational new drift mine (close to the surface, unlike a deep mine such as Kellingley) called Riddings, which has been developed on the retreat system and where the faceworkers are moving 30 tons of coal a shift against the national average of 7 tons. The men who are actually on production, as opposed to the development teams, have hit figures as high as 130 tons apiece for an eight-hour shift. That is high-pressure production by any standards.

The retreat mining enthusiasts claim that they can guarantee to double productivity as a minimum wherever this technique can be applied, but Sheppard points out that at least half of the industry's output can never be switched because the nature of the coal seam will not allow such a bulldozing approach.

Retreat mining also creates a demand for a cheap machine which can drive a roadway fast through hard rock in place of using gangs of men with drills and gelignite, and this has not been invented yet. But the worst problem is financial: retreat mining means spending the money on development before the production begins. If the industry moved too fast, it would run out of both coal and cash very fast, and it does not feel able to do this for the sake of benefits even in the near future.

The case for sinking new mines

This is almost certainly an over-cautious approach, although a detailed six-month study of the technical and economic problems has been launched. Meanwhile only 5% of the industry has so far gone to the retreat system and for the moment it is intended to add only perhaps another 5% a year.

Even this should help productivity along and add to the other marginal changes that are within reach. The pattern of the industry will continue to change towards fewer and bigger pits at the same time that old pits go out of commission. Over the next three years no fewer than 25 pits are expected to close because they have simply run out of coal. This will remove nearly 7 million tons a year of capacity, and perhaps a total of 20 million tons will have vanished through exhaustions by 1980.

Yet another dispute which is therefore raging through this very argumentative industry is whether this rundown makes it necessary to begin sinking new pits. John Mills, whose North Yorkshire area includes Kellingley, but also a collection of old pits dating back as far as 1843, is expecting his capacity to come down from 10 million tons to 5 million tons this decade even allowing for expansion at Kellingley. To offset this, he wants to sink new mines and has already looked at sites in the Selby area.

So far, however, the national picture is working against him, since even on the rosiest view of sales prospects the coal industry still looks like having too much capacity right up to 1980. This means that the question of whether or not to close down loss-making pits is going to be a live issue throughout the decade.

Unfortunately for the profit-and-loss account, some of the pits that are running out of coal are money-makers, including old written-down mines in Yorkshire and one or two big low-cost producers in the Midlands. While there are loss-makers in, say, Lancashire that have enough reserves to run on indefinitely without any chance of turning into profit. There are pits in Scotland which have the reserves and even make money too, but only on the basis of a selling price so high that their markets are vanishing just as fast as their customers can convert to gas or oil.

Only when the industry has finally sorted out all the vast social problems involved in getting rid of uneconomic spare capacity will it make sense even to think of new pits—unless, of course, a real breakthrough turns up which can cut costs and swing the sales charts upwards again.

So delicately poised is the whole situation that one sudden turn of fortune, whether for better or worse, could make a profound difference to coal's survival prospects. A great deal depends on the Government, whose threat to hive off the Coal Board's profitable ancillary activities presented a savage threat, now apparently receding. On the other hand, if the Board's fixed interest capital could be switched into Government-owned equity, as with the steel industry, so that dividends were paid in good years but not in bad, a heavy financial burden could be removed.

Just as much depends on developments in other fuels. At present, the trend is still running against coal. The march of nuclear power seems about to accelerate relentlessly, and while the days of cheap oil have been replaced by expensive oil, there is no real threat of oil scarcity such as Lord Robens tended to forecast. But the scene could change.

Above all, in the short-term much depends on Tuesday's pay claim. Nobody pretends the miners do not deserve more money, but the kitty is almost empty. It could certainly result in a stoppage of work, on the scale of last year's, which lost three million tons of output and would have caused a major fuel crisis had the winter not been mild and the economy in recession. The fact that customers have built their stocks of coal back up to a level four million tons higher than this time last year might be thought to strengthen the Board's bargaining position, but once again it is the long-term damage that matters.

The coal industry's long fighting retreat can be fairly regarded as an outstanding success story, to have kept raising efficiency and to have maintained morale in such a difficult economic situation. But the retreat is not over yet. Derek Ezra's aim of profitable self-sufficiency is still just tantalisingly out of his reach.

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D. C. Davies Ref: MM/338/ST

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Sales
The company is looking for men who can demonstrate a positive record of achievement and contribution with a time-sharing user or supplier or a relevant technical service. Candidates should be professionally qualified and possess an independent, resourceful and entrepreneurial approach. Successful applicants will probably be between 28 and 35 and have direct sales experience and an in-depth familiarity with systems and applications and at least one high-level language. Location—there are vacancies in the main centres of the UK. **Giles Foy Ref: CT/342/2**

Technical Support
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Giles Foy Ref: CT/340/ST

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D. C. Davies Ref: CM/339/ST

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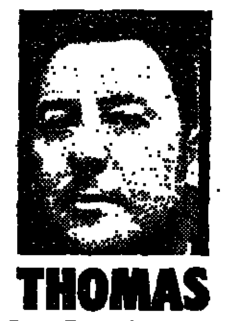

THOMAS HICKMAN

ANY COMPANY seeking to get ahead in a competitive system must find the right employees. And any company wishing to find the best employees will, if it is wise, examine new techniques for improving its personnel selection procedures. In doing so, the responsible executive must first answer these important questions: Is the new technique an improvement on the old, and will results justify the cost? And is it certain that the best use is being made of the old?

Unless a company is sure it cannot get improved results from an existing system, it cannot fairly compare it with any other. Thus many point to the weaknesses of the conventional interview quite unfairly to justify the adoption of far less effective measures. Now while the interview will never be a perfect measure of a prospective employee, most authorities agree that its true weakness lies not in the method, but in the interviewer. So the sharpening of this selection tool depends on improving the skills of those who use it.

Many adopt unproven pseudo-scientific techniques as an aid to selection. And while they claim that these are not replacing the interview, but merely augmenting it, evidence is clear that selection decisions are being made on the basis of those unproven methods regardless of an interview's outcome. These techniques do have some value, however—they offer a substitute for judgment and an alibi for a wrong decision. They are a source of profit for those who develop and market them and they give to the insecure personnel manager that special mystique which makes him feel less vulnerable. Such is the case with personality tests.

My recent criticisms of personality tests aroused a storm of protest. My arguments, and the impressive credentials of some of my critics, must have bewildered those who wish to evaluate these tests objectively. So let my critics help me help them.

Wide use over many years has failed to produce any evidence that personality tests can be useful in matching people to jobs. Not one of my critics claimed otherwise, nor cited evidence to support such a claim.

It is necessary to be clear on one point: personality tests are not new, and material on the subject published during the last half-century is abundant. But they first came into wide use in the US after the last war and by 1968, nearly half of all major American corporations were using, or had used, personality tests on all or some of their employees. Even in Britain, personality testing has been used in selection during the last 10 years at least extensively enough to have produced some kind of reading on its value.

Yet nearly a quarter-of-a-century of extensive use by British and American companies has failed to produce any evidence of its value. Even my most vocal critics accept that. Five members of a research unit at the University of Bradford, who described my articles as misleading, wrote: "Unless a statistically significant relationship is demonstrated to exist between scores on a particular test and success in a particular kind of job, the test concerned can offer no basis for selection decisions. . . . It must be conceded that significant correlations have rarely been found where personality test scores have been concerned."

I agree. Yet another letter (from John Handyside, appointments manager of Standard Telephone and Cables) makes it clear that personality tests are being used as a basis for selection.

The Bradford group argues that the "apparent inconsistencies" in the tests that I reported stem largely from my "failure to understand the principles underlying the use of tests for this purpose."

But those "apparent inconsistencies" were, as the articles made clear, the results published in scientific journals of studies undertaken at universities of no less standing than Bradford.

My Bradford critics continued: "Many of the criticisms levelled at tests would be justified if selectors attempted intuitively to predict an individual's success in a job from his test scores. However, in our experience, almost all organisations who do administer tests to job candidates do so solely in the hope of discovering a useful statistical relationship between test scores and subsequent job performance. Hence the desirability of hiring those who fail a test as well as those who pass."

But if tests are only to discover a "useful statistical relationship" between test scores and job performance, why has 25 years of extensive experience in companies failed to produce any such relationship? Just how long should they go on flogging a dead horse? Moreover, STC has 10 years' experience administering the tests to thousands. Has it produced a "useful statistical relationship"? If I were a shareholder, I would want to know. If STC's Handyside had such significant information I am sure he would want to publish it. I am not aware that he has, or plans to do so.

As for hiring those who fail the tests—is it seriously believed that companies adopting the tests in the belief that they are useful are then going to hire those the tests eliminate? Or is it seriously considered that those companies would undertake personality tests simply as a costly experiment in research that many studies and many years have shown to be fruitless?

The Bradford group concedes that personality tests might constitute an invasion of privacy, but writes that this is a *sine qua non* of the selection process. Another correspondent suggests, similarly, that it is in a job candidate's own interest for a prospective employer to learn everything possible about him. I reject these as expressions of a trend which should alarm us all. Employers have a right to know only what they need to know to evaluate a candidate's suitability for a particular job. That does not invade his privacy because the candidate will usually co-operate in making such information available. No truly reputable employer should seek to go further, nor wish to pry morbidly into the personal lives, the emotions and private thinking of his employees.

From personality tests to the use of lie detectors and "truth" serums is only a tiny step. And those who smile should reflect—it has happened in America, even in private business.

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The difference between a career and a career at Burroughs.

More money. Faster progress.

The career we're offering is as a Consultant Representative. The opportunity we're offering is a future. You'll get every chance of progressing very quickly from sales into line management as soon as you prove you can take the responsibility.

What you'll be doing, is selling our range of business machines and computers to all levels of management within business and commerce. But there's a lot more to it than just being a salesman. You've got to analyse the problems, maybe educate the prospective client to the right solution. And then sell him the right equipment for the job.

Preferably, you'll be between 22-32, with either a degree or professional qualifications, (but with a minimum of 2 'A' levels) and some business experience. Plus an analytical mind with the fluency to sell ideas. We'll give you a lot of very thorough training, during which time, you'll receive a good salary well in line with your experience and qualifications. After training, your rewards should come fast—there's plenty of scope for someone with initiative and drive.

If you're interested in what we're offering here's how to interest us. Write for more details, giving a résumé of your qualifications and experience to: A. L. Gebbie, Burroughs Machines Ltd., Heathrow House, Bath Road, Cranford, Middlesex. Please quote ref. no.ST12/9.

Burroughs

Product Management Opportunities £4,000 plus

As a result of promotions within our International Division, we are looking for men at various levels for our Product Management Organisation—the precise level to be a function of the experience of the applicant. Our need is for men who are interested in a ground floor opportunity to move quickly into a position of major responsibiliey in one of the leading growth companies in the packaged goods field. We are the leading company in our product categories in the U.K., the U.S. and many other countries. We are prepared to pay exceptionally able Product Managers as if they were Group Product Managers and to reward top flight assistant Product Managers at the same level as Product Managers.

These exceptional opportunities will appeal to men who have:

1. **Two to seven years of experience. aptitude and interest in consumer goods marketing.**
2. **A high level of profit orientation and basic business acumen and,**
3. **A willingness to work hard and "make things happen."**

Unlike the situation in many other Product Management Organisations our Product Managers have broad responsibilities. They are expected to have a major impact not only on sales, but also on production and new product development as a result of frequent and direct contact with manufacturing and R. & D. management. If the opportunity described above is of interest to you, please reply promptly with complete personal history to: Box AU656.

Applications will be treated in the strictest confidence.

INDUSTRIAL MARKET RESEARCH MANAGER

The International Wool Secretariat requires an experienced Industrial Market Research Manager to head a small team engaged on international industrial market research projects at its London Headquarters, and to advise market research staff in 27 branches across the world on industrial market research techniques.

The successful candidate, man or woman, should have all or most of the following qualifications.—A good degree, preferably including mathematics or statistics.—Considerable knowledge of industrial market research practice, preferably including work in the textile field.—Fluent English and a working knowledge of at least one other major language.—Experience of multinational research projects, preferably with an international organisation. The post is based in London, although the successful applicant will be expected to travel within Europe and possibly further afield.

This is an important post which requires the ability to present and sell the concept of industrial market research to marketing management and also to become the accepted authority within I.W.S. market research departments on industrial market research techniques.

The starting salary for this post is negotiable but will be not less than £3,000 p.a. In addition I.W.S. operates a progressive policy in terms of life assurance, pension, relocation expenses and other benefits.

Applications for this post should be sent to:

Administration Department (ref. M.R.)
International Wool Secretariat,
Wool House, Carlton Gardens,
London SW1.

PURE NEW WOOL

BAXTER

We are a rapidly expanding international corporation, who are world leaders in several segments of the hospital market, we are looking for a first class

SALESMAN

His responsibility will be to increase our sales of a whole range of artificial kidney, and open heart surgery equipment in Scotland and Northern England and further strengthening the Company's position in this area.

The man we are looking for will be aged 22-33 years with a university background or similar, mature in outlook and have the ability to converse at all levels. A knowledge of the hospital organisation is an advantage but more important is the ability to sell, and the willingness to work hard for success. An excellent salary together with incentive programmes are offered, together of course with a company car.

Apply giving brief personal details to the:
Personnel Manager,
Baxter Laboratories Limited,
Caxton Way,
Thetford, Norfolk.

SALES DIRECTOR

SPRINGS AND PRESSINGS ROCHDALE

This appointment is with a growth Company enjoying a high degree of autonomy in a multi-million pound international group manufacturing springs, press-work and wirework.

The successful applicant will take complete charge of the marketing function and will be expected to develop Company sales throughout the U.K. He will probably be aged 35-50 and will have energy, drive, organisational ability and a demonstrable record of success in leading a sales organisation. He must be able to motivate and inspire the sales force and provide creative leadership.

Commencing salary will be in the range of £3,000-£4,000 per annum according to age, qualifications and experience. There is a top hat pension scheme and a company car will be provided. The position also qualifies for incentive profit sharing.

Applications giving education and full details of career to date should be made in writing to:

The Managing Director,
BROADBENT & CO. (ROCHDALE) LTD.,
Lincoln Street,
Rochdale, Lancs.

HUNTERSTON 'A' & 'B' NUCLEAR POWER STATION

Applications are invited for the following posts in the Maintenance Department at Hunterston 'A' and 'B' Nuclear Power Stations, West Kilbride, Ayrshire. These stations are located in a high amenity area on the Clyde Coast near Largs and West Kilbride and consist of a first generation magnox station with two reactors and 660 MW turbo-alternators and an advanced Gas Cooled Reactor Station, currently under construction, consisting of two reactors and two 660 MW turbines.

ENGINEERING ASSISTANT (Instruments & Electrical)

Fuel Handling Section—Ref. 13/G.73/71

A new post concerned with the Instrument and Electrical aspects of the maintenance of Fuel Handling plant embodying extensive control and remote handling and viewing systems. Duties will involve the production or editing of maintenance manuals and instructions, the specification and method-study of maintenance practices: the assessment of spares and labour requirements; and the commissioning and supervision of instrument and control systems.

Applicants should have an H.N.C. or equivalent qualification and be experienced in one or more of the following fields:

1. Telecommunications Systems including radio and T.V.
2. Process Plant Instrumentation.
3. Relay, Control and Protection Systems.
4. Motors, Control and Switchgear.
5. Electro/Mechanical Systems.
6. Automatic Control System.
7. Remote Handling and Viewing Equipment.

Salary within the range £2,259 to £2,850 per annum plus supplementary payment of £60 per annum (N.J.B. G.10).

ENGINEERING ASSISTANT (Mechanical)

Ref. 13/G.74/71

ENGINEERING ASSISTANTS

(FUEL HANDLING SECTION) Ref. 13/G.75/71

The duties will initially involve the technical specification of maintenance standards and assessment of spares and labour requirements and will later extend to the supervision of maintenance on either 'A' or 'B' Station.

The mechanical post covers the maintenance of turbines, pumps, blowers, diesel engines, steam raising and reactor plant and general mechanical auxiliaries.

The two fuel handling posts cover the maintenance of Charge/Discharge machines, conveyors and a wide range of remote handling plant associated with irradiated fuel.

Applicants should be experienced in one or more of the related fields and be qualified to at least HNC standard.

Salary within the range £2,259 to £2,850 per annum plus a supplementary payment of £60 per annum (N.J.B. G.10).

ENGINEERING ASSISTANTS (Mechanical)

Ref. 13/G.76/71

ENGINEERING ASSISTANTS (Electrical)

Ref. 13/G.77/71

ENGINEERING ASSISTANTS (Fuel Handling)

Ref. 13/G.78/71

The duties will initially involve the specification of maintenance standards and the assessment of spares and labour requirements and will later extend to assisting with commissioning plant in 'B' station and supervising maintenance in 'A' and 'B' stations.

The two mechanical posts cover the maintenance of steam turbines; diesel engines; pumps, fans and compressors; steam raising plant and general mechanical plant and equipment.

The two electrical posts cover the maintenance of alternators and large rotating plant; switchgear; starters and control gear relays and protection systems; rectifiers and general electrical plant.

The four fuel handling posts cover the maintenance of Charge/Discharge machines, conveyors and general mechanical and electrical plant embodying extensive control and remote handling facilities.

Applicants should be experienced in one or more of the related fields, and hold a technical qualification to H.N.C. standard.

Salary within the range £1,992 to £2,511 per annum plus a supplementary payment of £60 per annum (N.J.B. G.12).

ASSISTANT ENGINEER (Electrical & Mechanical)

SHIFT RELIEF Ref. 13/G.79/71

The successful applicant will, for about six months of each year, supervise a group of mechanical and electrical craftsmen working on a shift basis on a planned programme of work covering mechanical and electrical plant in 'A' and 'B' stations. When not on shift relief duties he will work normal hours on a wide range of engineering duties.

Applicants should have a wide knowledge of the maintenance problems of mechanical and electrical plant used in a process industry or in the marine field and the ability to organise and control a group of craftsmen to meet agreed targets.

Applicants should hold technical qualifications to H.N.C. standard. Salary within the range £1,992 to £2,511 per annum plus a supplementary payment of £60 (N.J.B. G.12). When on shift duties a shift allowance of 17½% will be payable.

ASSISTANT ENGINEERS (Instruments) SHIFT—Ref. 13/G.80/71

ENGINEERING ASSISTANT (Instruments) RELIEF—Ref. 13/G.81/71

Applicants should have a wide knowledge of instrument technology in one or more of the following fields:

1. Telecommunications, including radio and T.V. computers.
2. Automatic control systems, including data loggers and computers.
3. Process plant instrumentation.
4. Nucleonic instrumentation.
5. Health physics instrumentation.

They must have the ability to control and supervise a group of craftsmen to meet planned targets and be qualified to at least H.N.C. standard.

The successful applicants for the five new shift posts will assume responsibility for direct technical supervision of all planned instrument maintenance in both 'A' and 'B' Stations and for the control and supervision of a group of instrument mechanics.

Salary for the shift posts will be within the range £1,992/£2,511 per annum plus a supplementary payment of £60 per annum. (N.J.B. G.12). A shift allowance of 17½% will also be payable.

For the relief post the applicant will, for about six months in each year, carry out shift duties and for the remaining period will be employed on a wide range of instrument work working normal day hours. Salary for the relief post will be within the range £1,749/£2,199 per annum plus a supplementary payment of £60 per annum (N.J.B. G.14). When employed on shift duties, 17½% shift allowance will be payable.

Applications quoting the appropriate reference number, should be submitted on the standard form, obtainable from the Chief Personnel Officer, South of Scotland Electricity Board, Cathcart House, Inverlair Avenue, Glasgow, S.4, not later than 30th September, 1971.

SOUTH OF SCOTLAND ELECTRICITY BOARD

PA ADVERTISING

2 Albert Gate
Knightsbridge London SW1
Tel: 01-235 6060

REPLIES. Unless otherwise stated, please send comprehensive career details to the PA Advertising office indicated, quoting the reference number on the envelope. Replies which should not refer to previous correspondence with PA, will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent.

Managing Director

Rolled Sections and Tubes

c. £5,500+Profits+Equity

A Managing Director is required by a successful medium-sized public company manufacturing and marketing a wide range of light metal sections and tubes, equipped with modern rolling, drawing and finishing plant and backed by ample capital resources to support further growth and process diversification.
The ideal candidate will have had wide practical management experience in this or an allied industry, but will be essentially marketing orientated, with full appreciation of present and future market potential.
This is an opportunity for an energetic and ambitious younger man aged between 35 and 40, with the personal qualities to lead an enthusiastic and hard-working management team.
With basic salary (negotiable) of about £5,500, profit-sharing, equity participation, car, etc., real earnings will be attractive, and only candidates with a successful record of getting results will be considered.
(London Office: Ref. 1/C5089/ST Managing)

Production Director

Engineering

c. £4,000 + car

The appointment of Production Director is part of the progressive development of manufacturing facilities at one of four units of a British Engineering Group based in the North of England but adjacent to pleasant countryside. Group turnover is well into eight figures with better than average profitability. Responsibilities incorporate all aspects of the production of goods and production services at the works and require a thorough knowledge of production methods and production control systems in medium batch production. Preference will be given to candidates with production control systems experience, particularly if that experience is related to computer based scheduling.
Salary will be negotiated at around £4,000 p.a., plus a car, and benefits include pension with life cover and relocation expenses. **(Manchester Office: Ref. 2/D9250/ST Production)**
Replies to: PA Advertising Ltd., St. James's House, Charlotte Street, Manchester, M1 4DZ.

Production Manager

c. £4,000

A Production Manager is required to manage the production operation of a company with rapid growth prospects in industrial products. An important immediate part of the job will be to completely redesign the company's production organisation and facilities for an important new product. The Manager will report directly to the Managing Director.
The Company is located 25 miles west of London. It has just under 300 employees and a turnover approaching £1m. which is expected to double in the next two years. The Company is privately owned and the young management team has wide scope in setting directions and making decisions.
The successful candidate will probably be aged 30-40 with a university degree or equivalent professional qualification. He will have experience relevant to the design of planning and control systems for flow line production and will have managed a production operation in light electro-mechanical engineering. He is likely to be earning at least £3,500 at present. **(London Office: Ref. 3/A1013/ST Manager)**

SPAR VIVO

Retail Operations Controller

Grocery Buying Controller

Re-organisation to meet forecasted expansion in Wright & Green Ltd. (a member company of Associated Food Holdings Ltd.), creates two top level positions, both based in Manchester.

The Retail Operations Controller has a clear-cut objective—to maximise profitability of company-owned stores. He will achieve this by ensuring the right men are recruited, given appropriate training, are well-motivated and have well defined objectives. He must also take a hard look at internal systems and procedures. He will be accountable to the Group Marketing Director. An action man is needed, solution-oriented and probably aged under 40. His track record in retailing should show quantifiable success.

Buying for Wright & Green is centralised; there are over 5,000 lines promoted through retail grocery, wholesale, cash and carry and catering outlets. The Grocery Buying Controller will report to the Group Marketing Director and have commodity buying teams under his control. Close liaison is required with the wholesale warehouse, group administrative and computer services in achieving optimum stock levels. The man for this post must know the grocery trade backwards, and ideally have experience of the retail end. He is likely to be under 40 and have general management capability as well as specific buying expertise.

Salaries will match performance and cars are provided.

Please write briefly for an application form to: **N. E. Hampel, Personnel Director, Spar Vivo Ltd., 32-40 Headstone Drive, Harrow, Middlesex.**

Group Distribution Manager

£3,500+plus car

A leading office equipment group, with a £ multi-million turnover, has its distribution and warehousing facilities at several locations in the U.K., but centred in South London on a main 40,000 sq. ft. depot employing some 50 personnel. One of the group's subsidiaries is a transport company which is mainly engaged in carrying the company's products.
The Distribution Manager, in his thirties, will report to a board director, and will have total responsibility for all the activities within the group associated with physical distribution and warehousing. His experience will have been gained in an organisation trading with a multiplicity of products and outlets. He must demonstrate a proven ability to identify and control the total distribution cost (materials handling, freight transportation, warehousing, computerised stock control etc.) and to run a distribution activity economically but in line with agreed, high levels of customer service. Physical Distribution is recognised by the board as a key management function. **(London Office: Ref. 4/C6091/ST Group)**
Please write BRIEFLY to PA Advertising for an application form.

Assistant to Group Financial Controller

up to £4,000

A leading and fast expanding group serving agriculture requires a Management Accountant to be employed throughout the group on specific projects, mainly of a corporate planning and profit study nature. Ability to identify problems and provide reports giving information necessary to improve profitability is the main requirement. Applications are invited from accountants, or graduates with equivalent qualifications, aged probably 25 to 35 who should have had some experience in industry or other relevant fields, preferably involving work of an entrepreneurial nature.
The starting salary will be negotiated up to £4,000 p.a. and prospects for the right man are excellent. The location is at head offices in agricultural setting in North Lincolnshire.
(Manchester Office: Ref. 5/D9251/ST Financial)
Replies should be forwarded in the first instance to **PA Advertising Ltd., St James's House, Charlotte Street, Manchester M1 4DZ,** who are advising on the appointment.

CO OP

SCOTTISH CO-OPERATIVE RETAIL SERVICES LIMITED

FOOD TRADES MANAGER also DRY GOODS TRADES MANAGER

These two senior appointments are due to reorganisation within our C.A.S.C.O. Region (Sales £14,000,000 p.a.). The successful applicants will have full commercial responsibility for developing the retail penetration *and profitability for this region covering mainly the Glasgow area and also a number of outlets in Stirling and Johnstone and other towns in central West Scotland.*

The trade is conducted in approximately:

5 Department Stores each containing a food hall

160 Grocery outlets of various sizes	**31 Drapery Shops**
(75 of these are licenced)	**20 Furnishing Shops**
60 Butchery outlets including many prepacked	**20 Footwear Shops**
	15 Menswear Shops

Applicants should have the necessary senior management experience of profitable organisation under their own management, and will probably now be earning £3,000/£3,500 per annum or more.

A Superannuation Scheme is in operation and both appointments carry a company car; other conditions are those normally associated with a large progressive company.

Write in the first instance, giving details of age, experience and present salary to: The Personnel Manager, Centenary House, 100 Morrison Street, Glasgow, C.5. Please quote reference number: Food Trades—R/60; Dry Goods Trades—R/61.

A detailed application form will be sent to selected applicants.

Commercial Director

• THE company is engaged in publishing books and periodicals of serious sociological value and concentrates on the interface between technical industry and personal economics.

• THE task is to apply creative thinking to the commercial future of the enterprise similar to that already deployed on the literary side of the business. Responsibility is direct to the Chief Executive.

• A PROFESSIONAL manager is required, preferably a graduate. His basic discipline could be in accountancy or economics, but neither is essential if the degree of numeracy is high. Commercial experience is important; familiarity with forward planning or a knowledge of manufacturing industry would be an advantage.

• THE salary indicator is £8,000; but it could be much more for specially relevant qualities.

Write in complete confidence to P. G. Oates as adviser to the company.

JOHN TYZACK & PARTNERS LIMITED
10 HALLAM STREET · LONDON W1N 6DJ

PE

P-E Consulting Group Limited
Appointments Division, 12 Grosvenor Place, London SW1

Sales Manager Electrical/Electronic Components c.£4,000

This is a great opportunity for an accomplished salesman, now in his early thirties, with proven ability to motivate a sales force. Our clients – a leading American international company – have a young but thriving operation in Britain with a high quality product range sold to the electrical, electronics and telecommunications industries. Based in London the Manager will lead a sales team covering the British Isles.
The man required need not necessarily be qualified technically, though this could be an advantage. A thorough knowledge of selling to OEM.s in the above industries is, however, essential. An international outlook would be useful.
A starting salary of around £4,000 is proposed, further rewards being dependent upon results. A car is provided and there is a non-contributory pension scheme. There are very good prospects of further advancement.

Please write, in confidence, to P. W. Huntsman (Ref: P/3/3).

/ORKS GENERAL MANAGER

WORKS DIRECTOR DESIGNATE

/e wish to appoint an experienced Works General nager. He will be responsible to the Managing ector.
'he company employs about 200 people in the nufacture of jet engine components to extremely tolerances and exacting quality standards to .D. requirements.
'he man appointed will take charge of all produc- operations and services, including method ineering, work study, production control, as well as factory. The Company has a modern approach management and controls.
ome experience in dealing with Trade Unions uld be helpful. A good knowledge of sophisticated chining is essential. Ideally the man will be in the 45 age group and will be a qualified engineer, preably mechanical.
'he successful candidate could expect to be pointed to the Board after a short period. An ex- ent salary will be paid. Applicants should state ir present earnings.
'his advertisement appeared eight weeks ago; any vious applicant who recognises the advertisement is still interested should confirm that he still hes to be considered.
.pplications, which should include full details of eer, and which will be treated in absolute confi- ice, should be addressed to:

G. T. Owen,
Managing Director,
Balfour Marine Engineering Co. Ltd.,
Balfour House,
High Road,
Ilford,
Essex.

DIRECTOR AND GENERAL MANAGER

Motor Distributor
Coastal Area **c £6,000**

A long established group of motor distributors and retailers with a turnover exceeding £5 million wishes to appoint a Director and General Manager to implement its next phase of expansion. He will be responsible to the Chairman and Managing Director for the profitable operation of four depots.
The group, which operates in pleasant coastal and rural inland towns, is the market leader in its area.
Applicants will probably have had senior management experience in a profitable motor group or in the motor industry. Their ability to market new and used vehicles, parts, and services must be matched by their ability to motivate staff and control the finances of the group. The successful applicant will be a potential managing director.
The age range will probably be 35–45 with remuneration of £5,000 plus profit sharing and commensurate fringe benefits.

Write in confidence quoting reference GE 112 cos
J. M. Sisterson,
ICFC Consultancy Division,
15 St. John's Road, HARROW, Middx.

Solicitor

Aiming for a top flight career in Commerce

Burroughs Machines Ltd is a major European computer manufacturing and marketing company. The high level of Burroughs technological and engineering expertise ensures that the company will continue to expand its share of the rapidly growing computer systems and business machines market.

We seek a young Solicitor, keen to develop his career in the commercial field. Reporting to the Company Secretary and Controller, he will be responsible for a wide range of legal and secretarial matters. He will work closely with the Company's Senior Managers and will be expected to make a positive contribution within his speciality. The development of the Company's legal and secretarial services is at an interesting stage and will create an excellent opportunity for personal development and achievement.

We anticipate appointing a man aged 25 to 35. The age range is wide as we believe a more experienced individual will be capable of assuming wider responsibilities immediately. Nevertheless, we will welcome applications from younger men capable of rapidly developing their contribution. The salary offered will reflect the degree of responsibility which can be assumed initially.

Please write, giving full details of yourself quoting Ref No S1/ST to:

Mr. D. A. Andrews
Personnel Director
Burroughs Machines Ltd
Heathrow House
Bath Road, Cranford
Hounslow, Middx.

JOURNALISTS

required by the Overseas Press Services Division of the CENTRAL OFFICE OF INFORMATION. Applications are invited for two types of vacancies:

(a) Reporter with a good knowledge of industry gained on leading trade or technical journals. As a member of a small team the successful candidate will be copytasting and writing stories about new British products mainly for the trade press of North America. An ability to research stories in depth is essential.

(b) Experienced journalist to be responsible under the supervision of an editor for the presentation of copy for daily press services written for overseas newspapers and journals. A knowledge of overseas news requirements would be useful.

The posts are graded Information Officer. Salary according to experience and qualifications within the range £2,325 to £3,800 per annum. Please send postcard for application form to Manager (PE/K/50/OW), Department of Employment, Professional and Executive Register, Atlantic House, Farringdon Street, London EC4. Closing date for completed forms 25 September 1971.

SKELMERSDALE DEVELOPMENT CORPORATION

GENERAL MANAGER

SALARY IN THE RANGE £6,490-£8,125
STARTING POINT DEPENDENT ON QUALIFICATIONS AND EXPERIENCE
CONTRIBUTORY PENSION SCHEME

Due to the appointment of the present General Manager, to a similar post in the newly constituted Central Lancashire Development Corporation, this post will shortly become vacant.

It calls for a high degree of ability in reconciling different professional interests in a constructive manner, political sense, and the ability to control a considerable public investment programme and to co-ordinate the development of the town with other public and private agencies. Drive, energy and intellectual ability, combined with personal qualities of a high order, are required. The successful applicant will probably be under 50 years of age.

Skelmersdale New Town which was designated in 1961 is 18 miles north-east of Liverpool. The present population is just under 30,000 and is planned to grow to about 75,000 by 1980.

Application forms, returnable by 21st September, from the Secretary to the Chairman, Skelmersdale Development Corporation, High Street, Skelmersdale, Lancashire.

METALIFE® MOLECULAR BELZONA®

HOW OFTEN HAVE YOU THOUGHT "HOW CAN I BUILD A BUSINESS WITHOUT INVESTING CAPITAL?"

Up to now it has been virtually impossible but with the advent of MOLECULAR CONSERVATION LIMITED'S exclusive Distributor scheme you can build up a business without investing capital, which can eventually become a capital asset.

We give you an exclusive territory, continuous sales and product training, sales promotion, technical and research backing, credit control, invoicing, and products with 17 years' experience behind them and high repeat value—the lot, everything you need to make your business grow rapidly.

What we require is your creative sales ability and time, for the marketing of our range of proven Molecular Products to every type and size of industry.

Find out more about this proven way to build a business—write to C. J. Callaghan, Director, Products and Services.

MOLECULAR CONSERVATION LIMITED,
Clare Road (Dept. STC/10),
HARROGATE, YORKSHIRE, or Tel.: 67641.

Product Research and Planning Manager

about £3000 per annum

Firth Cleveland Fastenings Limited - a leading manufacturer of standard and specialised fastenings, require an experienced Marketing and Research man, preferably in his 40's, to supplement management direction in identifying current and future customer needs for products which fall within the manufacturing scope of the Company and be responsible for the market evaluation and initial planning.

Current products cover a wide range of specialised fasteners, including aircraft and industrial self locking nuts, spring steel and plastic fasteners of high repute, sold internationally.

The appointment will be at Treforest, in a particularly attractive part of South Wales, close to the City of Cardiff. The Company has a sound trading record and good employment conditions. The salary is negotiable at around £3,000 p.a. and a car will be provided.

Applications, giving concise details of background, also engineering, marketing and commercial experience including product research and planning appointments, should be addressed to: The Sales Director, Firth Cleveland Fastenings Ltd., Treforest, Pontypridd, Glamorgan.

FCF A Firth Cleveland Group Advertisement

Box No. replies should be addressed to THE SUNDAY TIMES, Thomson House, 200 Gray's Inn Road, London, WC1, unless otherwise stated. No original testimonials, references or money should be enclosed.

CIBA-GEIGY

CIBA-GEIGY (UK) Limited
Pigments Division

Research and Development Manager

Organic Pigments

The Pigments Division of the Plastics and Additives Group of Ciba-Geigy is seeking an outstanding man to head its R & D function. There are over 1,000 employees in the Division and construction has already commenced on a new £1m extension to the *existing advanced laboratory facilities.*

He will be responsible to the Technical Director for *the development and control of research projects* primarily concerned with Azo and Phthalocyanine pigments for applications within the paint, ink, plastics and other industries. He will take such projects from development stage through to pilot plant production. Whilst based at Paisley, he will work in close liaison with the R & D function in Switzerland, and the Applications Laboratories at Wythenshawe, Manchester.

This calls for a man of exceptional calibre: a creative motivator with *preferably a post-graduate degree in* chemistry who is able to lead a team of research chemists and a support staff of over 75. He should have experience of directing R & D projects in organic and physical chemistry and physics, *preferably* with direct experience *of pigments and their applications. It is* anticipated that the successful applicant will be aged about 35/45 years.

An excellent salary will be paid together with attractive fringe benefits and generous relocation expenses where appropriate. Write with full personal and career details to:

James Lawson
Personnel Manager
Ciba-Geigy (UK) Limited
Pigments Division
Hawkhead Road
Paisley, Renfrewshire

TELFORD
DEVELOPMENT CORPORATION

Telford, in the beautiful Shropshire countryside, is being developed for a planned population of 225,000 by the early 1990's.
Employment opportunities must be created to match this exciting rate of growth and it is anticipated that an average 500,000 square feet of new industrial development will be required each year.
To meet this challenge, applications are invited from CHARTERED SURVEYORS or similarly qualified professionals for the newly-created SECOND TIER post

ASSOCIATE COMMERCIAL DIRECTOR
(INDUSTRY)

£3,471-£3,906

(National salary increase—possibly 6-8%—anticipated shortly)

The successful applicant will be required to deputise for the Commercial Director, R. G. Tilmouth, B.Sc., Dip.T.P., A.R.I.C.S., in the latter's absence and to lead the Industrial Development Team.
The appointment calls for a real knowledge of the needs and problems of industry, particularly those arising on expansion or relocation, together with a wide experience of all aspects of industrial development from inception to completion and a sound background of urban estate management.
The successful applicant will have high personal qualities enabling him to communicate with the decision makers of industry, *and to work effectively* in a closely-knit inter-professional team.
The commencing salary will depend on ability, qualifications and experience.
The post is superannuable and generous conditions of service include:—

- *Casual User Car Allowance*
- Removal expenses in full
- Lodging allowance for up to 4 months
- Attractive housing available to purchase or rent

Applications giving personal particulars and full details of career to date, with the names of three *referees, should be sent to:* The Secretary, Telford Development Corporation, Priorslee Hall, Telford, Salop, not later than 27th September, 1971.

HONOURS GRADUATES
A professional training

Just one of the rewards of an Inspector of Taxes.

As an Inspector of Taxes you have a *really* professional job. From the outset you get the thorough training in law, accountancy and management—and *the practical experience—needed to do it.* At the end of your training you have a qualification which carries weight both inside and outside the Civil Service.
You must have, or expect to obtain, a degree with honours—at least second class honours ability is looked for—and be under 32.
If you start at 21, you can expect to be earning over £2,300 at 23 and nearly £3,000 at 28. By your mid-thirties you should be on a scale rising to £5,200. By 40, if you're successful, you will be on a scale rising *to £6,300: and there are higher posts still. Salaries are* increased in London.
To find out more, and for an invitation to visit a Tax Inspector and see the job for yourself, write to: **Civil Service Commission, Alencon Link, Basingstoke, Hants. Please quote:—320/131.**

ECONOMIST

A leading Midlands Engineering Company requires an Economist in their Economics and Forecasting Department to participate in studies of the development of the European Motor Industry and the evaluation of the impact of these developments upon future Company business. He will assist in the formulation of specific marketing policies and be concerned with a wide range of short and long term planning problems.

Applicants must have a Degree in Economics or a *related subject and* several years' relevant experience, preferably in the motor or allied industries.

Applications should be made immediately, giving details of age, qualifications and experience, to

BOX AV 311

A small American manufacturer of clinical diagnostics and materials for liquid chromatography is looking for a

EUROPEAN GENERAL MANAGER

who will supervise and provide marketing and technical support to a combination of wholly-owned subsidiaries and independent distributors through which the company markets its products. The right man may be 30 to 38 years old, have a background in biochemistry or a related field, extensive marketing experience in a technical field, and should enjoy international travel and full responsibility in his work.
Reply in confidence to: Mr. Herbert S. Johnson, c/o BIO-RAD Laboratories GMBH, Limesstrasse 71, 8 MUENCHEN 60.

Manager of Projects

Process and Petro chemical Plants

London

Our Client, an International design, procurement and construction company, wants a man to be responsible to the Head of Engineering for the management of large-scale projects.

He will be responsible for the timely and profitable completion of contracts *from tender acceptance through the design, procurement and construction* phases.

Ideally, he will be aged about forty, a Chartered Engineer and a member of either the Institute of Mechanical or Chemical Engineers, with a proven record *of successful project management.*

REWARD: Salary starting to £8,000, contributory pension scheme, life assurance and relocation assistance.

Apply in confidence. Ref. ST102/249.

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Associates Ltd.,
Century House, 30/31 Jewry Street,
Winchester, Hants.
Telephone Winchester 66699

H.M. DIPLOMATIC SERVICE

INTERPRETERS in French & German

There are two appointments, both based on London, involving considerable European travel in attending international and bilateral conferences at the *highest level. The main task will be to carry out consecutive or simultaneous* interpretation from French and/or German into English and 'vice versa'. Between conferences, interpreters work in the Research Department of the Foreign and Commonwealth Office.
Candidates, men and women aged at least 28 and under 50, should have a good university degree or equivalent, and should be *fully* bilingual in French and/or German and English, experienced in interpreting at international conference level, and ideally members of the AIIC.
These appointments will be made in either Grade 4 (£5175 to £6475) or Grade 5 (£3425 to £4575) according to age, experience and qualifications. The ideal candidate for a Grade 5 post will be in his early 30's and for a Grade 4 post in his middle 40's. Starting salary could be above the minimum *of the appropriate scale; non-contributory pension. Subsistence allowance* for travel on official business.
Fuller details of these appointments may be obtained by writing to the Civil Service Commission, Alencon Link, Basingstoke, Hants., or telephoning BASINGSTOKE 29222 ext. 500 or LONDON 01-839 1696 (24-hour "Ansafone" service) quoting reference 7775/SA.
Closing date 5th October 1971.

Chief Surveyor

Director Designate

The major subsidiary of a well-known international construction group, based in Southern England, require a Chief Surveyor who will report direct to the Managing Director. He will immediately take his place *on the Management Board of the Company* and subject to satisfactory service be appointed Surveying Director within twelve months.

Applicants in the age range 35-45, must have:

A background in a similar position with a national contractor, involving the administration and control of a large department of experienced surveyors.

Practical experience in the application of *management information systems with particular emphasis* on the control and interpretation of works in progress, valuations and forecastings.

A thorough working knowledge of the various forms of building contracts, with a proven record of success in the negotiation of claims and major commercial transactions.

Salary will be negotiable, but it is unlikely that anyone currently earning less than £3,500 p.a. will have the necessary *experience. The normal large company* fringe benefits will apply - non-contributory pension, life assurance cover, BUPA membership and company car.

Please apply with full details including age, qualifications and experience to Position Number BGC2936 Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

APPOINTMENTS FOR WOMEN
Appear on page 32

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The Roberts Construction Company (Transvaal) (Pty) Limited

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able to be entirely responsible for the running of large projects and competent to lead highly qualified management teams

Senior Quantity Surveyors

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Please submit a résumé of your experience and qualifications with your request for an application form to:

Mrs. E. P. Foden,
The Roberts Construction Company (Transvaal) (Pty) Ltd.,
c/o Moore Stephens & Co.,
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Bucklersbury,
London, E.C.4.

CITY OF EDINBURGH
ESTATES SURVEYOR'S DEPARTMENT

PRINCIPAL ESTATES ASSISTANT

£3,297-£3,789

Principal Estates Assistant required to head the Valuation Division of the Corporation's Estates Surveyor's Department.

Successful applicant to be responsible to the Estates Surveyor for the Valuation function of the Department. Candidates, who should be qualified A.R.I.C.S. or equivalent, should preferably have some experience in Central or Local Government.

Assistance will be given with housing, and disturbance allowance up to £200 will be payable towards approved removal expenses. N.J.C. Conditions of Service *apply. Applications, giving* details of age, marital status, qualifications, past and present employment and salary, should be sent to the Estates Surveyor (Div. J), 375/377 High Street, Edinburgh, EH1 1PW.

EXPERIENCED EXECUTIVE
CDC

Commonwealth Development Corporation is a commercially based *statutory organisation concerned* with the promotion and management of economic projects in the developing countries of the Commonwealth *and elsewhere. Operations include basic* development, primary production and investment in commercial, agricultural and industrial projects, often in association with other major international interests, as well as local partners.
The Corporation now requires to appoint one or more experienced Executives to work in the first instance in the Head Office in London for at least two years, followed by the possibility of employment overseas. The initial appointment in London will be in an operations department with direct *responsibility to a Controller of Operations* for detailed oversight of a number of investments in commercially organised and diverse overseas projects, including critical budget and report examination.
A degree or an appropriate professional qualification in accountancy, law or economics is desirable, but secondary to proven practical ability in *commercial/financial, appraisal, logical reasoning under* pressure, and report formalisation.
Preferred age is under 40 and desirably under 35 for those wishing to serve overseas at a later date when an opportunity may arise in project evaluation, supervision or in management. For applicants interested in employment in London only the upper age may be extended to 45 only if particularly well qualified.

The Corporation offers competitive terms and conditions of service and applicants should write with brief details to Head of Personnel, Commonwealth Development Corporation, 33 Hill Street, W1A 3AR, *quoting Serial 1691.*

PA

PA Management Consultants Limited

Personnel Services Division - Hyde Park House - Knightsbridge - London SW1X 7LE

Group Financial Director
£8,500+

This new appointment is with a large and highly progressive British engineering company with a number of important medium sized subsidiaries, and extensive worldwide interests. It results from a decision to move towards a different corporate structure, and therefore offers the opportunity to look afresh at the financial and accounting requirements at all levels. Our clients are looking for a Chartered Accountant aged around 40-45 who will provide advice of the highest quality to the main Board, and functional leadership throughout the Group. A particularly relevant background could have been gained in heavier engineering —with contracts typically of £100,000-£10,000,000, especially involving a high proportion of overseas *activity with international financing. Experience of smaller companies would be a useful advantage.* The appointment is London-based but will involve travelling. The remuneration will be negotiated above £8,500, and could be considerably higher. **(Ref: AA23/4298/ST)**

Marketing Manager
£5,000+

The company is growth-orientated in an unusually interesting and high potential area of consumer *durables. Its brand names are internationally known and a substantial proportion of its multi-million pound* turnover is exported. The marketing manager will initially take over U.K. marketing and sales, where there are immediate opportunities for creative development. He should later become more widely involved in a *comprehensive marketing function, and could be the successor to the marketing director,* possibly within a year or two. For these responsibilities, a record of marketing management in consumer goods, sold to wholesale and retail, would be particularly appropriate, ideally with exporting experience also. The capacity to control rapid growth against a background of considerable business pressures is essential. For a man in his later thirties, not less than £5,000 is envisaged, plus car, with twelve months contract. **(Ref: SM23/4310/ST)**

Field Sales Manager
Consumer Goods

A large division of an internationally-known food manufacturer has just completed a reorganisation and *needs to recruit a Field Sales Manager. Reporting to a Director, the man appointed* will control and motivate a field selling team of 250, and will have the support of established and professional marketing and sales operation staff. He will be expected to increase profitability through improving overall sales performance; the wide range of branded goods is well supported in the grocery trade by advertising and promotional activity. Candidates are likely to be over 35, and now earning £4,000 or more. There are very good career prospects, together with large-company benefits and a car. Location—South. **(Ref: SM40/4309/ST)**

Sales Recruitment
c. £4,000 + car

An international company whose sales orientated philosophies have brought about dramatic growth in a *competitive industrial market seeks an ambitious* young man with the ability and determination to progress to senior management level through success in a specific recruitment post. Based at the Midlands headquarters the man appointed will be responsible for the recruitment and selection programme *necessary to build and maintain a national sales force for a* newly created division. Applicants must be of graduate calibre aged 28 to 35 years with a thorough business training. Experience in a direct selling environment and knowledge of interviewing and selection techniques are *desirable. Salary will be negotiable around £4,000 and a car is provided.* **(Ref: GM36/3221/ST)**

Export Sales
Cosmetics/Toiletries

The company is a division of one of the major European cosmetics/toiletries manufacturers. The job is Area Sales Manager for the five Scandinavian markets. It involves market and competitor analysis, product improvement, liaison with specialist agencies, and carries full budgetary control responsibilities for the sales and marketing operation. The post is London based but involves considerable travel in the initial stages to develop local sales through distributors and motivate their staff. There is considerable scope for an able manager in this newly established, rapidly growing division. Candidates will probably be around 30 and residents of the United Kingdom. Some previous experience in sales/marketing of fast-moving consumer goods is essential. A knowledge of Swedish or German would be advantageous. Salary is around £3,500. **(Ref: SM30/4304/ST)**

Warehouse and Distribution Manager
Up to £3,500

This British company manufacturing and marketing a wide range of light engineering products has grown rapidly during the last two years and turnover is now approaching £4m. The Warehouse and Distribution Manager will co-ordinate stock receiving, storage and supply activities in order to achieve a more effective and economical service to customers at home and abroad. He will investigate vehicle routings and cost and draw up specifications on warehouse layout, material handling facilities and staffing levels at three locations, one of which will be a 25,000 sq. ft. warehouse to be built next year. Candidates, preferably *in their 30's, should have held a similar management post in a progressive* exporting company and be used to introducing and implementing change within agreed cost parameters. Salary is negotiable up to £3,500 and help will be given towards cost of relocation to the North of England. **(Ref: W33/3222/ST)**

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details quoting the reference number to the above address, or write for an application form, and advise us if you have recently made any other application.

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AMSTERDAM·ATHENS·AUSTRALIA·BRUSSELS·FRANKFURT·HAMBURG·MADRID·MILAN·NEW ZEALAND·PARIS·STOCKHOLM·ZURICH

GENERAL MANAGER

£10,000 p.a.

A fast-moving packaged goods company with an annual profit exceeding £3 millions is looking for a General Manager to be responsible for all its markets outside the U.K.

The job would be based in London and carry a salary of up to £10,000 p.a. plus all the fringe benefits that go with such a salary. There will also be the opportunity for an early Board appointment.

The successful candidate will have had sales/marketing/advertising experience in the consumer field, followed by managerial experience.

He will probably be between 35 and 45 and already earning not less than £7,000 p.a.

The job involves close liaison with a major international advertising agency, and a second language—preferably French—would be an advantage.

This appointment carries with it the opportunity to define and develop a major role in a major company. Please write to the address below. Your application will be treated in strictest confidence by the consultants handling this appointment. Your identity will not be revealed to the advertiser without your permission.

Write to Box AX075,
Sunday Times, 200 Gray's Inn Road, London WC1.

Box No. replies should be addressed to THE SUNDAY TIMES, Thomson House, 200, Gray's Inn Road, London, WC1, *unless otherwise stated. No original* testimonials, references or money should be enclosed

INDICATOR	PROFITS	DIVIDENDS	PRICE CHANGES
Last week	£10.7m (+51.3%) ↑	Up: 38 Down: 11 Same: 23	The Times Industrial Share Index 172.59 (+3.86 on the week) Associated Dairies 320p (+38p) Hull Brewery 195p (+25p) Greene King 560p (+66p) Amalgamated Inv. 340p (+34p) EMI 157p (+18p) Tube Investments 432p (—20p)
Last 52 weeks	£4,999m (+4.5%) ↑	Up: 1,616 Down: 575 Same: 1,615	

Figures show annual pre-tax profits for companies reporting last week and over the 12 months.—Statistics by Exchange Telegraph

1970-71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
98	50	Ldn. & Midland	93	−3	5.0a	5.6	7.2
103	38½	London Brick	54½	+3½	3.8	3.8	11.9
388¾	136	Lucas Ind.	278	+4	8.3	3.0	14.4
542	320	Lyons (J.) Ord.	542	+8	13.6	2.5	21.2

M—N

1970-71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
137	78¾	M.K. Electric	127	−3	4.5	3.5	17.8
34	19½	Metalrax	34	+2½	1.9	5.0	10.2
56	29	Meyer, M. L.	56	+3	3.0	5.4	12.6
80¾	40	M.E.M.	80	+1	2.5	3.1	16.4
82	45	Midland Alum.	80	+7	5.0	6.3	13.4
110	72	Miles Druce	89	−1	5.5	6.2	6.3
37¾	15	Miller Stan.	21		2.0	9.5	11.9
42	17½	Modern Eng.	42	+2	2.8	6.5	14.1
140	81¼	Morgan Cruc.	134		5.3	3.9	15.9

UNIT TRUSTS

NEW ISSUES

An MSL Consultant has analysed each appointment

Please write or telephone as indicated in each advertisement.
MSL 17 Stratton Street London W1X 6DB: 01-629 1844 (at any time).
Your enquiry will be in confidence.

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Management Consultants in Human Resources

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☐ GLASGOW ☐ MANCHESTER

General Manager — over 60,000dm
Marketing Company
Germany

FLOW LABORATORIES LTD. are Europe's leading suppliers of tissue cultures (living cells) together with the associated media, sera and laboratory equipment. Exports from the UK company to Germany increased rapidly during 1968 and 1969 and justified the setting up of Flow Laboratories GmbH in Bonn last year. Expansion continues and warrants the appointment of a full time Geschaftsfuhrer whose objective is to achieve profit growth. His early tasks will be to formalise stock control, warehousing and distribution procedures and to appraise the market. Candidates probably aged 35 to 45 and fluent in German and English should have been successful in marketing, preferably in Germany, and selling to end users, ideally but not necessarily in the biomedical or laboratory fields. The initial salary will be attractive to those now earning in excess of £4,000. BMW car; removal expenses. Please write or telephone for further information. A. W. B. Thomson reference SA.2633.

Financial Controller
about £4500
International Group

for the UK subsidiary of a European engineering manufacturing group known worldwide for the quality of its products. Turnover, in several £m., should at least double in the next five years. He will head the company's administrative organisation which, with over fifty staff, includes the accounting, management services, supply and inventory functions. As a key member of senior management, he will work closely with the *Managing Director*, his prime concerns being business and profit planning, financial management and control, and management information. Prospects of future advancement will not be confined to the United Kingdom. Candidates should be chartered accountants, preferably in their early thirties and familiar with European and international operations – proficiency in German an added advantage. Their experience in industry must have included successful accounting management and responsibility for financial planning, management and control. Company car, pension. Location Home Counties. Please write stating how each requirement is met to P. Saunders reference SA.37168.

Town Planning Consultant — about £4000
London

Expansion has resulted in the need for this new appointment for an established nationally known firm, which advises public authorities and both large and small commercial property developers throughout the UK. He will prepare detailed and commercially practicable urban development proposals, handle major planning applications and appeals, and give general advice on planning matters to a variety of clients. Candidates, preferably under 45, must be MRTPI and may also have some other relevant professional qualification. They must have been engaged in town planning in the UK for at least five years and have experience of commercial development, public authority work and planning appeals. Starting salary probably as indicated, but more might be offered to an exceptional candidate. Please write briefly stating how each requirement is met to D. R. U. Bennell reference SA.43219.

Group Financial Director — from £6000
Manufacturing/Marketing
Rural Midlands HQ

for an old-established public group which, based on traditional craft skills and highly advanced technology, has a world-wide reputation for its consumer products. The business has a seven-figure turnover, with a record of organic growth and above-average profits. This key new appointment arises from recent developments which include the acquisition of North American interests, a current strengthening of top-management and a further planned growth programme. Main duties will include: contribution to group policy – particularly in the use of financial resources; commercial guidance on major operating proposals; oversight of liquidity; and the development of existing accountancy procedures into an effective and integrated system of financial and management controls. Candidates, age 30 to 40, must be qualified accountants, preferably chartered and ideally with graduate and/or business school qualifications. They will already be successful financial managers with senior experience in a manufacturing/distribution context and will be well practised in the application of modern financial techniques. Real career prospects also demand the personal potential for further development. Starting salary is fully negotiable whilst other benefits will be appropriate to the importance of the appointment. Opportunity for occasional overseas travel. Please write stating how each requirement is met to P. Saunders reference SA.37169.

Operations Manager — from £4250
Heavy Haulage

PICKFORDS HEAVY HAULAGE LIMITED, a subsidiary of the National Freight Corporation, specialise in the movement of indivisible and abnormal loads. Accountable to the Managing Director and London based, the Operations Manager will manage the day-to-day trading activities of 26 branches throughout the UK. He will control, through a team of 4 managers, over 1,200 operating and engineering staff and 294 vehicles. He will also contribute to the promotion of existing services and the identification of new opportunities both in this country and Europe. Preferably 35 to 45, he must have transport experience, gained either as an operator or a user in heavy industry. Heavy haulage experience would be advantageous but is less important than the proven ability to manage a widespread organisation. Career prospects either within the company or the NFC. Re-location assistance. Company car. Please write or telephone for further information. I. R. Lloyd reference SA.2618.

Marketing Manager — about £3500
Ethical Pharmaceuticals — Middlesex

to set up a marketing organisation to launch a new ethical product originated in France, clinically tested and proved in the UK. Responsible to the MD of a British associated company who will provide accommodation and support, he will train and control a medical detailing team, initially of five men, who will promote the product throughout the UK. It is planned to introduce further products and expand sales as soon as possible, giving an unusual opportunity to a man seeking to initiate and control a new and growing enterprise. Candidates, ideally between 35 and 40, must be trained in marketing and have experience of selling ethical pharmaceuticals and of managing a sales team. Car provided, pension and life assurance scheme. Please write stating how each requirement is met to H. C. S. Brand reference SA.14137.

Export Marketing Advisers
Regional
A part-time commitment

The Department of Trade and Industry is appointing Export Marketing Advisers in the regions based on Bristol, Glasgow, Leeds and Manchester. The Adviser will supplement the Department's existing services to exporters – primarily through his first-hand depth experience of the "in-company" organisation needed for successful exporting. He will visit selected companies, assess their export resources and potential and advise on internal structures, including methods of overseas representation and selling. He will handle up to thirty cases a year; remuneration is by daily fee up to an annual commitment of 100 days. Candidates for any of these regional appointments must have current or recent business experience at Board level. Their major involvement, at close range and over a number of years, will have been in a sustained and successful export marketing effort, ideally embracing both industrial and consumer selling. Please write stating how each requirement is met to D. A. Ravenscroft reference SA.25120.

Manager — £4500-£5000
Planning and Research
Bord na Mona

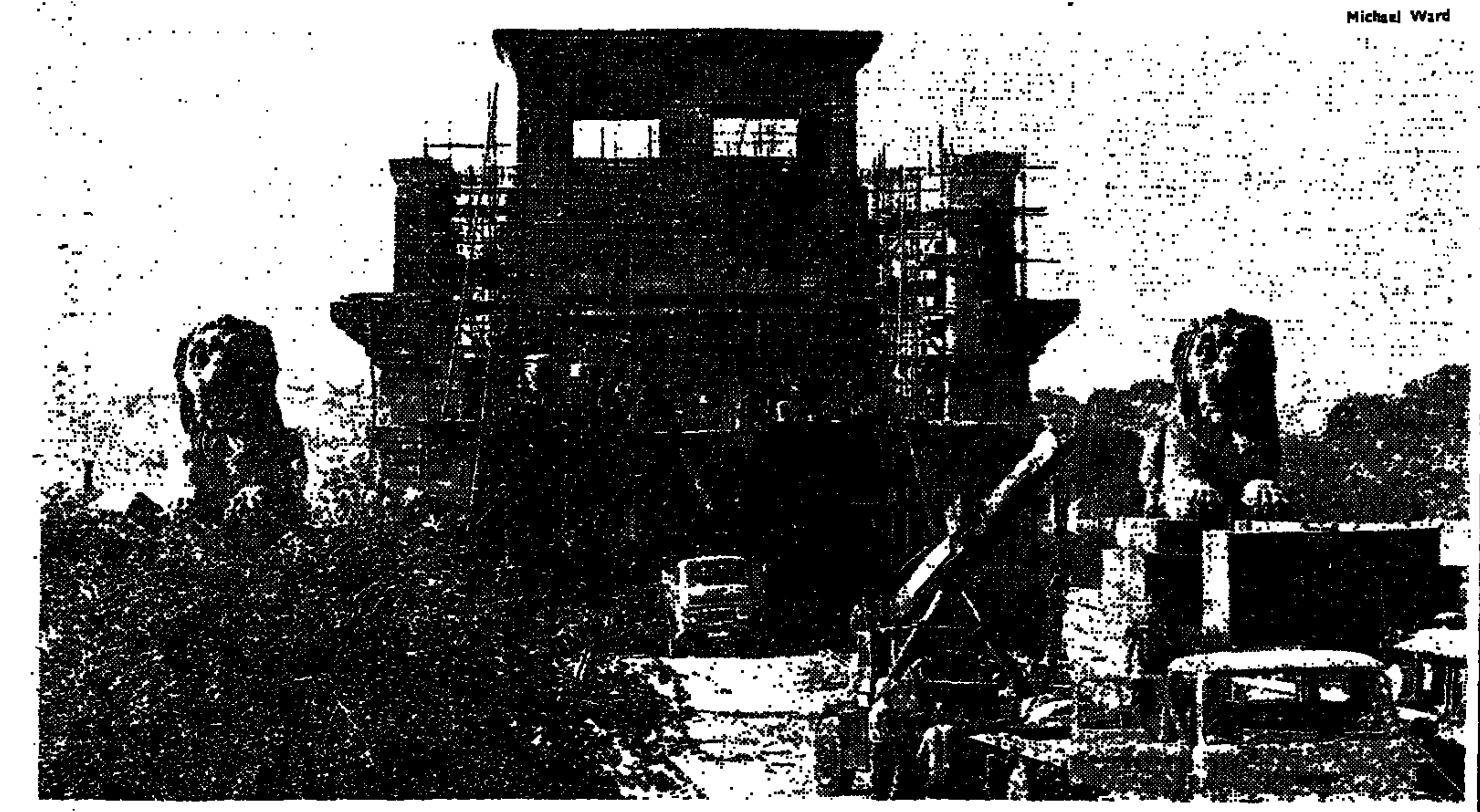
Bord na Mona, a statutory body established in 1946 to develop Ireland's peat resources, employs 4,500 and operates 22 works producing 4,000,000 tons of peat annually. The Board is seeking a manager to head a reorganised Planning and Research Department orientated towards the development of the Board's activities in the future, particularly with reference to alternative land utilisation as fuel production is phased out. The department will have economic, scientific and statistical services and the function of the manager will be to provide the Board with information and advice, on which decisions can be taken, on activities which will make the best use of the physical, technical and manpower resources of the company. Candidates should not be over 40 and the most appropriate qualifications would be a degree in engineering or science and a Business School background. Early experience in some technical area such as R & D or product development should have been followed by a more business orientated activity such as corporate planning or marketing. Salary in the range £4,500 to £5,000, depending on experience. Location Dublin. There is a contributory pension scheme. Please write stating how each requirement is met to P. J. H. Fryer reference SA.80643.

Management Accountant — about £3200
Belgium

to join a young, energetic management team in a company, a subsidiary of a multi-national US Corporation, which manufactures and markets advanced electrical equipment; 3,000 employees, turnover doubled in five years and planned to double again over the next five. Reporting to the vice-president finance, he will be expected to carry out assignments on, for example, management information analyses or manufacturing cost control systems, with the minimum of direction. Candidates will be ACA or ACWA with industrial experience, preferably in electrical or engineering manufacture; exposure to management practice and a knowledge of EDP an advantage. Men up to 28 years, possibly single, and eager to make rapid progress in a career in Europe, preferred; no language requirement, though some capability useful. Prospects of promotion to financial controllership in group companies employing several hundred people. Please write stating how each requirement is met to Dr. E. A. Davies reference SA.40022.

SUNDAY TIMES BUSINESS NEWS

Michael Ward



The burnt-out Britannia Bridge on Anglesey: normal train services will be resumed as soon as possible

Hang on..we may have a bridge soon

BY DENIS HERBSTEIN

THE latest official British Rail guide, published in July, details full restoration of train services from Euston to Holyhead via the fire-devastated Britannia Bridge across the Menai Strait. Yet last week I watched workmen fitting a steel girder into place on the less than half-completed bridge.

British Rail cannot be accused of not wanting to reopen the Britannia rail bridge across the Menai Strait to Anglesey as quickly as possible. Only weeks after the disastrous fire in May last year the provisional estimate was that it might take a year. Three months later, when Cleveland Bridge and Engineering of Darlington, was about to start rebuilding. BR prophesied that the first train would cross again "by July 1971." Even in February this year Cleveland's project manager on the site, Mr Bert Hutton, said that July was still on.

The official BR guide has the Euston to Ireland via Holyhead service though asterisked with the provision that the bridge must first be open. But in mid-June BR had blamed delays in steel deliveries for extending the date to "early autumn," and later to "mid-autumn."

Last week it was "fairly confident the bridge will open between now and the beginning of winter (1971)." But not everybody was so confident. The steel erectors and scaffolders working high up on the hazardous arches are convinced that no Irishman will return home via the Britannia Bridge this Christmas. It seems certain that British Rail's timetable planners "opened" the bridge without consulting the engineers.

When the flames raged through Robert Stephenson's tubular bridge it cut one of two life-giving arteries into and through Anglesey. Now, only Telford's 1826 road bridge remains as a tenuous link across the narrow straits. Though industry has come to the island in the last few years, the railways and docks, with 1,500 men on their books, are the biggest single employers.

Five days after the fire Cledwyn Hughes, local MP and then Labour Minister of Agriculture, gave an assurance that there would be no British Rail redundancies. Within three weeks, however, local railwaymen were told that staff would be "consistent with workload requirements and no more" and "voluntary redundancy" was introduced. In effect, only 114 men have lost their jobs, and many of these were early retirements, but the incident illustrates how BR's "wish was father to the thought."

By last September, Cleveland began converting the tubular bridge to one with two arches with provision for a future roadway on top, at a total cost of more than £3.25 million (of which £400,000 would be paid by the Welsh Office). BR was worried about its revenue—it estimated a loss of well over £2 million for the first year. But Cleveland, one of the bridge-building giants, were rather concerned about safety, bearing in mind recent bridge collapses. There were no penalty clauses for late completion. But there were unforeseen headaches..

Like the mussel beds in the straits. Undue turbulence in the water could be ruinous to the fragile mollusc. Only in June this year did BR finalise negotiations with mussel breeders, fishermen, shipowners, and pilots to float the mammoth steel sections two miles up the straits from Port Dinorwic to the bridge. As no legal authority controls the movement of shipping in Menai, the straits cannot be closed. Recently a yacht did herself £800 worth of damage by hitting a wire cable holding in position a pontoon with a 140-ton steel section on board. A fortnight ago a motor-cruiser hit a submerged concrete block under the bridge and sank.

Then BSC were late delivering some of the 70ft steel girders. After which, several hundred tons piled up at nearby Bangor station waiting to be collected. And to complicate matters, there was a series of mysterious fires in and around the bridge.

The biggest single factor has been the dangerous work, combined with bad weather and careful unions. Before the bases for the steel arches could be worked on, the swiftly-running tide, sometimes up to seven knots, had to be warded off by metal barriers. At times the men were working below sea level. Two months ago the most difficult part began—fixing steel arches, with the biggest section weighing in at 160 tons, under the two 440ft inner spans.

The sections are assembled at Port Dinorwic, rolled onto a pontoon, which is then floated to the bridge. Tug-boat captain Aubrey Durham has only five minutes at slack tide to manoeuvre the section under the bridge.

Twice last month sections were hoisted up only to be left dangling above the water because the wind was too strong to fix them into position. "It was very dicey," a Cleveland man said, "but what can you do?"

Several men have been sacked for refusing to do dangerous work. One Cleveland engineer talked of "extremely delicate labour relations." In June steel erectors downed tools and postponed the hoisting of a small steel section.

Labour strife is aggravated by the fact that steel erectors, who bolt the sections into place, are earning up to £100 for a 58-hour week, while the scaffolders, who tie the sections up as they are hoisted, are on "incentive" rates—about £40.

On Thursday, Griffith Rice, Constructional Engineering Union steward, helped smooth the path to happier labour ambiance by negotiating a £17 a week increase for the scaffolders.

It was overcast the day I spent at the bridge. I watched a boat full of scaffolders and erectors leave the jetty on the mainland side for the centre platforms. A very slight drizzle started up and in 10 minutes the men were back and finished for the day. "At that height the steel can be too slippery for comfort," a not altogether convinced Mr Hutton told me.

Michael Bennett, Cleveland's Press officer, admits that labour problems have held up the bridge "to a limited extent. But if all goes well we could get the tracks down by mid-November."

So far only 12 sections out of 32 are up, including three in the recent fine weather. If the weather breaks, and the usual autumn gales that funnel through the channel materialise, this work could be slowed down once more. Then there could be frost on the steel.

Workmen I spoke to raised quizzical eyebrows when I told them that the bridge would be ready within two months. Far safer, they suggested, to stick to the New Year.

As if to confirm this view, BR is not taking bookings for the Holyhead container terminal until January (this part of a £7.5 million complex waiting for the rail link in order to switch on to full capacity). And passengers to Ireland will travel the alternate route through Heysham, Lancs, until Christmas.

Anglesey's employment and productivity manager, Keith Lewis, is concerned about the effect of the continued closure on the island's economy. "Industrialists have been deterred from coming to Anglesey for the past 12 months, and it won't get any better for the next 12. Holyhead is dead. Unemployment on Anglesey is 10% against 5% in Wales and a national average of 3.7%."

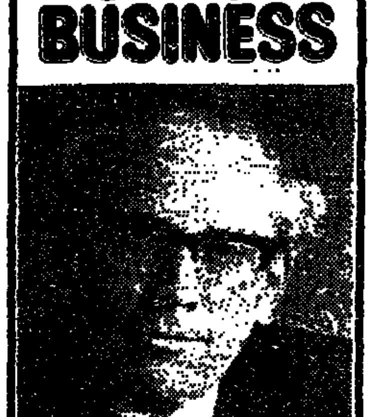
Once the first rail track is open, work will start on the second, and the two enclosing wrought-iron tubes removed. BR estimated the whole job would be completed "by mid-1972," but now, according to Mr Bennett, it will only be in March 1973 that two-way traffic is resumed. While the much-needed overhead road bridge will be decided on "in the light of the availability of resources."

The total cost to BR is difficult to gauge. Lost shipping revenue and train diversions could be £4 million Rio Tinto-Zinc would not confirm that they were compensated for not being able to rail aluminium ingots out from their smelter in Holyhead. Even so, the figure is climbing frighteningly near to £8 million.

And all because two boys went bat-hunting in the bridge and set it alight. "If they were my sons," a rigger told me at a bulging Port Dinorwic pub, "I'd pat 'em on the back."

POW ZAP INC. LTD.—and other companies

ANY OTHER BUSINESS



by Peter Wilsher

"DEAR SIR,—As you will no doubt be aware, our company has carried on its business of sprike-knurdling and wire-weaving for the last 123 years under the well-respected trade name of Pontypridd & Otterley Welding Ltd. Recent diversification and management change have now, we feel, made this inappropriate. We should be grateful, therefore, if, from next Monday, you could ensure that all future references to our company in your columns should be in the new form POW International!

I remain, Yours, etc."

In some form or another, I seem to have been getting that letter from Britain's newly-dynamic boardrooms roughly once a fortnight for the last year. And not all of them, alas, are seeking to alter their names to nice, easily pronounceable monosyllables like POW. Mostly they want to swap their comfortable, old-fashioned, and usually quite memorable titles (remember Amalgamated Needles & Fish-hooks? Or the alluring British Peat Moss & Litter Co.?) for primaeval grunt noises like AKZO or GRC.

And they are so serious about it. Once the alteration has been made, the slate of history must be swept clean. No back-sliding sub-editor can be allowed, absent-mindedly, to remind his readers that the brisk, abrasive new RHM corporation was once the leisurely, comfortable business known as Rank Hovis McDougall, or that the all-conquering BPB Group once splashed along prosaically as British Plaster Board.

The result is that Britain's business pages (not to mention America's) are in danger of degenerating into a minefield of ambiguous initials.

Can you be sure, for instance, that in all circumstances you are capable of identifying that elusive concept BSC? If the context mentions billets and bars, it is probably British Steel Corporation. But if it is about girders, it might quite well concern British Steel Constructors (Birmingham). With beet or cane in the offing, it is likely to be British Sugar Corporation. If it's laces and uppers, the leading candidate is British Shoe Corporation.

In any case, that was just a warm-up. For your next test, perhaps you would care to name the probable aggressor and victim concealed in the headline "New Take-over for IPC." Is it Arabs and oil (Iraq Petroleum)? Or Australians in Fleet Street (International Publishing Corporation)? Or South Americans and more oil (International Petroleum Co. in Peru)?

After you have crossed that hurdle successfully, your next task is to distinguish carefully between the FMC which sells fertilisers in vast quantities to US farmers and the FMC which buys bacon in vast quantities from British farmers—always remembering that it is forbidden to seek help by reconstructing the initials as Fatstock Marketing Corporation, which, although it was in fact the original inspiration, has been lost, as an independent trading name.

Sometimes the device is defensible, as when one of those complicated merger deals leaves behind a mouthful of jagged patronymics, like Dickinson Robinson Group, and you can really only cut the Gordian cackle and shrink it down to DRG. Sometimes, too, one can discover a certain sympathy with struggling boards who are trying to escape the unwanted overtones of names like the London Rubber Company (now proudly reborn as LRC International) or the leaden plodding enshrined in letterheads like Cable Covers Limited (recently seeking new, if rather more anonymous glory as CCL.)

But why anyone should give up a good, successful, evocative and immediately recognisable name like Ready Mixed Concrete in favour of RMC frankly escapes me. Far better to follow the American penchant for highly recognisable and distinctive compounds like Texaco, than these fri[ght]ful, meaningless code-signs.

Certainly, it is possible, [in] certain circumstances [and] given a lot of time and h[ard work] for investors and staff and [cus]tomers to learn to know [and] love these rather arid let[ter] groups. ICI is the classic [ex]ample—in fact it is the orig[inal] words which are embarras[sing] there, with nervous execut[ives] in sensitive foreign mark[ets] trying to pretend that the [I] I really stands for Internati[onal] rather than Imperial. Bu[t it] will take many years. I fa[ll] for the craggy facades [pre]sented by such building in[dus]try outfits as IDC (Indust[rial] Development & Constructi[on]) or H.A.T. (origin totally [un]known) to weather down [to a] cosy, household name.

But maybe I am bark[ing] up the wrong, sentime[ntal] tree. Perhaps it is [just] this warm, nostalgic, [pre-]industrial revolution flav[our] that all these eager acron[ym]ists (which, as all mod[ern] company secretaries kn[ow] refers to those who const[ruct] names out of initials) are s[eek]ing to get away from. W[hen] the Tavistock Institute [of] Human Relations gets aro[und] to doing the necessary [re]search, they will probably [find] that productivity and comp[any] loyalty double overnight w[hen] you re-register the Yorksh[ire] Upsidedown Cake Manufact[urers] as YUCM Comestibles Ltd [in] which case I shall retract [all] the evil thoughts I have b[een] harbouring, and suggest [that] the only thing wrong [with] Lord Robens' concept of G[reat] Britain Ltd., was that it sta[rted] life as that strangled [un]evocative sound GBL.

The sack—suddenly it's a new threat facing Russian workers

BY MICHAEL CONNOCK

THE WORD Gorky, in Russian, means "bitter." It was taken as his nom-de-plume by the famous writer, and given in turn as a new name to the old town of Nizhni Novgorod, where he had his embittering early experiences.

Today, the town of Gorky is an important industrial centre, with a giant motor works, chemical plants, and the biggest river port on the Volga. But very soon now, there may be some people who will feel that "bitter" is still not a bad name for it.

The reason is that the town of Gorky has been chosen as the focal point of a new campaign for efficiency in industrial management. In particular, the "Shchekino experiment" is to be extended there. This means, in plain language, that a lot of people may lose their jobs for the sake of bigger wages for those who stay behind.

In the old days, whatever you might say about economic life in Russia, no worker had to live with the fear of redundancy. Factory managements were under terrific pressure to fulfil their production plans and, therefore, tried to get as many workers as they could. There was no financial incentive to management to fire anyone, because any increase in profits went to the Government anyway.

This situation was officially tolerated so long as there were plenty of new young men from the farms coming into the towns for work. But, as the supply of surplus labour began to dry up, a new situation arose in which old-established factories were over-staffed as a matter of routine, while new ones were unable to get enough workers.

To combat this, the Brezhnev-Kosygin regime started the Shchekino experiment. Shchekino is a small town outside Moscow with a big chemical works. Various other plants were being built, but the construction bosses complained that they could not get labour. So the Government allowed the chemical works to fire people and—and here comes the revolutionary element of the scheme—to share out the resulting wage surplus among those who remained.

The pay-out was, it is true, to be conditional on an increase in productivity. But productivity (in this context at least) means output per man; so if people were fired, and output didn't actually go down, it was arithmetically inevitable that there would be an increase in productivity.

At Shchekino, 870 people were fired out of a work-force of some 15,000. Reporting this, back in 1969, the Soviet Press contrived throughout to avoid words like "dismissal"—Russia is, after all, the country of the workers, to whom nasty things are not supposed to happen.

Though the Shchekino experiment was reported in 1969, and the principles behind it adopted for general application, not much further use seems to have been made of the idea.

But it appears that Brezhnev and Kosygin, sensitive about their economic growth problem and, in particular, about the fact that Japan has taken over from the USSR as number two world industrial power, have decided that the streamlining process must go on.

The town of Gorky has been selected as a good place to promote the latest campaign because there have been frequent complaints of labour shortage there. The redundant workers will, no doubt, get new jobs, but will probably still feel bitter to hear those traditional sanctimonious words: "I hate to do this, but it's for the good of the firm."

The Gorky motor works makes the Volga 2-litre cars which are the standard "company car" of Russian factory bosses, as well as a large variety of lorries. It was founded in the late 1920s, with assistance from the Ford Motor Company—at that time the Russians were buying a lot of US know-how. Henry himself, one feels, would approve of their latest management procedure.

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